



General Assembly

February Session, 2000

Amendment

LCO No. 5311

Offered by:

SEN. LOONEY, 11th Dist.

To: Subst. Senate Bill No. 523

File No. 395

Cal. No. 303

"An Act Facilitating Administration Of Various Tax Laws."

1 Strike out everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Subdivision (19) of section 12-412 of the general statutes,
4 as amended by section 16 of public act 99-173, is repealed and the
5 following is substituted in lieu thereof:

6 (19) Sales of and the storage, use or other consumption of (A)
7 oxygen, blood or blood plasma when sold for medical use in humans
8 or animals; (B) artificial devices individually designed, constructed or
9 altered solely for the use of a particular handicapped person so as to
10 become a brace, support, supplement, correction or substitute for the
11 bodily structure, including the extremities of the individual, and repair
12 or replacement parts and repair services rendered to property
13 described in this subparagraph; (C) artificial limbs, artificial eyes and
14 other equipment worn as a correction or substitute for any functioning
15 portion of the body, custom-made wigs or hairpieces for persons with
16 medically diagnosed total and permanent hair loss as a result of

17 disease or the treatment of disease, [and] artificial hearing aids when
18 designed to be worn on the person of the owner or user, closed circuit
19 television equipment used as a reading aid by persons who are
20 visually impaired and repair or replacement parts and repair services
21 rendered to property described in this subparagraph; (D) canes,
22 crutches, walkers, wheel chairs and inclined stairway chairlifts for the
23 use of invalids and handicapped persons, and repair or replacement
24 parts and repair services to property described in this subparagraph;
25 [and] (E) any equipment used in support of or to supply vital life
26 functions, including oxygen supply equipment used for humans or
27 animals, kidney dialysis machines and any other such device used in
28 necessary support of vital life functions, and apnea monitors, and
29 repair or replacement parts and repair services rendered to property
30 described in this subparagraph; and (F) support hose that is specially
31 designed to aid in the circulation of blood and is purchased by a
32 person who has a medical need for such hose. Repair or replacement
33 parts are exempt whether purchased separately or in conjunction with
34 the item for which they are intended, and whether such parts continue
35 the original function or enhance the functionality of such item. As used
36 in this subdivision, "repair services" means services that are described
37 in subparagraph (Q) or (EE) of subdivision (2)(i) of section 12-407.

38 Sec. 2. Subdivision (27) of section 12-412 of the general statutes is
39 repealed and the following is substituted in lieu thereof:

40 (27) (A) Sales of any items for fifty cents or less from [one cent]
41 vending machines; or (B) sales of food products, as defined in
42 subsection (23) of this section, sold through coin-operated vending
43 machines.

44 Sec. 3. Subdivision (47) of section 12-412 of the general statutes is
45 repealed and the following is substituted in lieu thereof:

46 (47) Sales of any article of clothing or footwear intended to be worn
47 on or about the human body [and] the cost of which to the purchaser is
48 less than [fifty] seventy-five dollars. For purposes of this subdivision

49 clothing or footwear shall not include (A) any special clothing or
50 footwear primarily designed for athletic activity or protective use [and
51 which] that is not normally worn except when used for the athletic
52 activity or protective use for which it was designed, and (B) jewelry,
53 handbags, luggage, umbrellas, wallets, watches and similar items
54 carried on or about the human body but not worn on the body in the
55 manner characteristic of clothing intended for exemption under this
56 subdivision.

57 Sec. 4. Subdivision (55) of section 12-412 of the general statutes is
58 repealed and the following is substituted in lieu thereof:

59 (55) Sales of (A) tangible personal property by any funeral
60 establishment performing the primary services in preparation for and
61 the conduct of burial or cremation, provided any such property must
62 be used directly in the performance of such services and the total
63 amount of such exempt sales with respect to any single funeral may
64 not exceed two thousand five hundred dollars, or (B) caskets used for
65 burial.

66 Sec. 5. Section 12-412 of the general statutes, as amended by sections
67 16 to 27, inclusive, of public act 99-173 and section 54 of public act 99-
68 241, is amended by adding subdivisions (108) and (109) as follows:

69 (NEW) (108) Sales of specially formulated gum, inhalants or similar
70 products designed to aid in the cessation of a smoking habit.

71 (NEW) (109) Sales of equipment to a telecommunications company
72 or community antenna television company, as defined under section
73 16-1, that is used to provide telecommunications, high-speed data
74 transmission or broad-band Internet services which offer the capability
75 to transmit information at a rate that is not less than two hundred
76 kilobits per second in at least one direction.

77 Sec. 6. Section 12-412 of the general statutes, as amended by sections
78 16 to 27, inclusive, of public act 99-173 and section 54 of public act 99-
79 241, is amended by adding subdivisions (108) to (110), inclusive, as

80 follows:

81 (NEW) (108) Sales of child car seats.

82 (NEW) (109) Sales of college textbooks to full and part-time students
83 enrolled at institutions of higher education, provided the student
84 presents a valid student identification card. For purposes of this
85 subdivision, "college textbooks" means new or used books and related
86 workbooks required or recommended for a course at an institution of
87 higher education.

88 (NEW) (110) On and after July 1, 2000, and prior to July 1, 2002, the
89 sale of any passenger car that has a United States Environmental
90 Protection Agency estimated highway gasoline mileage rating of at
91 least fifty miles per gallon.

92 Sec. 7. Subdivision (1) of section 12-408 of the general statutes, as
93 amended by section 13 of public act 99-173, is repealed and the
94 following is substituted in lieu thereof:

95 (1) For the privilege of making any sales, as defined in subdivision
96 (2) of section 12-407, at retail, in this state for a consideration, a tax is
97 hereby imposed on all retailers at the rate of six per cent of the gross
98 receipts of any retailer from the sale of all tangible personal property
99 sold at retail or from the rendering of any services constituting a sale in
100 accordance with subdivision (2) of section 12-407, except, in lieu of said
101 rate of six per cent, (A) at a rate of twelve per cent with respect to each
102 transfer of occupancy, from the total amount of rent received for such
103 occupancy of any room or rooms in a hotel or lodging house for the
104 first period not exceeding thirty consecutive calendar days, (B) with
105 respect to the sale of a motor vehicle to any individual who is a
106 member of the armed forces of the United States and is on full-time
107 active duty in Connecticut and who is considered, under 50 App USC
108 574, a resident of another state, or to any such individual and the
109 spouse thereof, at a rate of four and one-half per cent of the gross
110 receipts of any retailer from such sales, provided such retailer requires
111 and maintains an affidavit or other evidence, satisfactory to the

112 commissioner, concerning the purchaser's state of residence under 50
113 App USC 574, (C) (i) with respect to the sales of computer and data
114 processing services occurring on or after July 1, 1997, and prior to July
115 1, 1998, at the rate of five per cent, on or after July 1, 1998, and prior to
116 July 1, 1999, at the rate of four per cent, on or after July 1, 1999, and
117 prior to July 1, 2000, at the rate of three per cent, on or after July 1,
118 2000, and prior to July 1, 2001, at the rate of two per cent, on or after
119 July 1, 2001, and prior to July 1, 2002, at the rate of one per cent and on
120 and after July 1, 2002, such services shall be exempt from such tax, (ii)
121 with respect to sales of Internet access services, on and after July 1,
122 2001, such services shall be exempt from such tax, (D) with respect to
123 the sales of labor, repair or maintenance services on vessels, as defined
124 in section 15-127, occurring on and after July 1, 1999, such services
125 shall be exempt from such tax, (E) with respect to sales of the
126 renovation and repair services of paving of any sort, painting or
127 staining, wallpapering, roofing, siding and exterior sheet metal work,
128 to other than industrial, commercial or income-producing real
129 property, occurring on or after July 1, 1999, and prior to July 1, 2000, at
130 the rate of four per cent, with respect to such sales occurring on or after
131 July 1, 2000, but prior to July 1, 2001, at the rate of two per cent, and on
132 and after July 1, 2001, sales of such renovation and repair services shall
133 be exempt from such tax, and (F) with respect to patient care services
134 occurring on or after July 1, 1999, at the rate of five and three-fourths
135 per cent. The rate of tax imposed by this chapter shall be applicable to
136 all retail sales upon the effective date of such rate, except that a new
137 rate which represents an increase in the rate applicable to the sale shall
138 not apply to any sales transaction wherein a binding sales contract
139 without an escalator clause has been entered into prior to the effective
140 date of the new rate and delivery is made within ninety days after the
141 effective date of the new rate. For the purposes of payment of the tax
142 imposed under this section, any retailer of services taxable under
143 subdivision (2)(i) of section 12-407, as amended, who computes taxable
144 income, for purposes of taxation under the Internal Revenue Code of
145 1986, or any subsequent corresponding internal revenue code of the
146 United States, as from time to time amended, on an accounting basis

147 which recognizes only cash or other valuable consideration actually
 148 received as income and who is liable for such tax only due to the
 149 rendering of such services may make payments related to such tax for
 150 the period during which such income is received, without penalty or
 151 interest, without regard to when such service is rendered. Information
 152 about the state sales tax rate of other states shall, upon request, be
 153 furnished by the commissioner.

154 Sec. 8. Subsection (a) of section 12-642 of the general statutes is
 155 repealed and the following is substituted in lieu thereof:

156 (a) [The] (1) With respect to calendar years commencing prior to
 157 January 1, 2001, the tax imposed by section 12-640 for the calendar year
 158 shall be at a rate of the taxable gifts made by the donor during the
 159 calendar year set forth in the following schedule:

T1	Amount of Taxable Gifts	Rate of Tax
T2	Not over \$25,000	1%
T3	Over \$25,000	\$250, plus 2% of the excess
T4	but not over \$50,000	over \$25,000
T5	Over \$50,000	\$750, plus 3% of the excess
T6	but not over \$75,000	over \$50,000
T7	Over \$75,000	\$1,500, plus 4% of the excess
T8	but not over \$100,000	over \$75,000
T9	Over \$100,000	\$2,500, plus 5% of the excess
T10	but not over \$200,000	over \$100,000
T11	Over \$200,000	\$7,500, plus 6% of the excess
T12		over \$200,000

160 (2) With respect to the calendar year commencing January 1, 2001,
 161 the tax imposed by section 12-640 for the calendar year shall be at a
 162 rate of the taxable gifts made by the donor during the calendar year set
 163 forth in the following schedule:

T13	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T14	<u>Over \$25,000</u>	<u>\$250, plus 2% of the excess</u>

T15	<u>but not over \$50,000</u>	<u>over \$25,000</u>
T16	<u>Over \$50,000</u>	<u>\$750, plus 3% of the excess</u>
T17	<u>but not over \$75,000</u>	<u>over \$50,000</u>
T18	<u>Over \$75,000</u>	<u>\$1,500, plus 4% of the excess</u>
T19	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T20	<u>Over \$100,000</u>	<u>\$2,500, plus 5% of the excess</u>
T21	<u>but not over \$675,000</u>	<u>over \$100,000</u>
T22	<u>Over \$675,000</u>	<u>\$31,250, plus 6% of the excess</u>
T23		<u>over \$675,000</u>

164 (3) With respect to the calendar year commencing January 1, 2002,
 165 the tax imposed by section 12-640 for the calendar year shall be at a
 166 rate of the taxable gifts made by the donor during the calendar year set
 167 forth in the following schedule:

T24	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T25	<u>Over \$50,000</u>	<u>\$750, plus 3% of the excess</u>
T26	<u>but not over \$75,000</u>	<u>over \$50,000</u>
T27	<u>Over \$75,000</u>	<u>\$1,500, plus 4% of the excess</u>
T28	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T29	<u>Over \$100,000</u>	<u>\$2,500, plus 5% of the excess</u>
T30	<u>but not over \$700,000</u>	<u>over \$100,000</u>
T31	<u>Over \$700,000</u>	<u>\$32,500, plus 6% of the excess</u>
T32		<u>over \$700,000</u>

168 (4) With respect to the calendar year commencing January 1, 2003,
 169 the tax imposed by section 12-640 for the calendar year shall be at a
 170 rate of the taxable gifts made by the donor during the calendar year set
 171 forth in the following schedule:

T33	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T34	<u>Over \$75,000</u>	<u>\$1,500, plus 4% of the excess</u>
T35	<u>but not over \$100,000</u>	<u>over \$75,000</u>
T36	<u>Over \$100,000</u>	<u>\$2,500, plus 5% of the excess</u>
T37	<u>but not over \$700,000</u>	<u>over \$100,000</u>
T38	<u>Over \$700,000</u>	<u>\$32,500, plus 6% of the excess</u>
T39		<u>over \$700,000</u>

172 (5) With respect to the calendar year commencing January 1, 2004,
 173 the tax imposed by section 12-640 for the calendar year shall be at a
 174 rate of the taxable gifts made by the donor during the calendar year set
 175 forth in the following schedule:

T40	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T41	<u>Over \$100,000</u>	<u>\$2,500, plus 5% of the excess</u>
T42	<u>but not over \$850,000</u>	<u>over \$100,000</u>
T43	<u>Over \$850,000</u>	<u>\$40,000, plus 6% of the excess</u>
T44		<u>over \$850,000</u>

176 (6) With respect to the calendar year commencing January 1, 2005,
 177 the tax imposed by section 12-640 for the calendar year shall be at a
 178 rate of the taxable gifts made by the donor during the calendar year set
 179 forth in the following schedule:

T45	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T46	<u>Over \$950,000</u>	<u>\$45,000, plus 6% of the excess</u>
T47		<u>over \$950,000</u>

180 (7) With respect to the calendar year commencing January 1, 2006,
 181 and each calendar year thereafter, the tax imposed by section 12-640
 182 for the calendar year shall be at a rate of the taxable gifts made by the
 183 donor during the calendar year set forth in the following schedule:

T48	<u>Amount of Taxable Gifts</u>	<u>Rate of Tax</u>
T49	<u>Over \$1,000,000</u>	<u>\$47,500, plus 6% of the excess</u>
T50		<u>over \$1,000,000</u>

184 Sec. 9. Section 12-263b of the general statutes, as amended by section
 185 32 of public act 99-173, is repealed and the following is substituted in
 186 lieu thereof:

187 There is hereby imposed on the hospital gross earnings of each
188 hospital in this state a tax (1) at the rate of eleven per cent of its
189 hospital gross earnings in each taxable quarter for taxable quarters
190 commencing prior to October 1, 1996; (2) at the rate of nine and
191 one-fourth per cent of its hospital gross earnings in each taxable
192 quarter commencing on or after October 1, 1996, and prior to October
193 1, 1997; (3) at the rate of eight and one-fourth per cent of its hospital
194 gross earnings in each taxable quarter commencing on or after October
195 1, 1997, and prior to October 1, 1998; (4) at the rate of seven and
196 one-fourth per cent of its hospital gross earnings in each taxable
197 quarter commencing on or after October 1, 1998, and prior to October
198 1, 1999; and (5) at the rate of four and one-half per cent of its hospital
199 gross earnings in each taxable quarter commencing on or after October
200 1, 1999, and prior to April 1, 2000. The hospital gross earnings of each
201 hospital in this state shall not be subject to the provisions of this
202 chapter with respect to calendar quarters commencing on or after
203 April 1, 2000. Each hospital shall, on or before the last day of January,
204 April, July and October of each year, render to the Commissioner of
205 Revenue Services a return, on forms prescribed or furnished by the
206 Commissioner of Revenue Services and signed by one of its principal
207 officers, stating specifically the name and location of such hospital, and
208 the amounts of its hospital gross earnings, its net revenue and its gross
209 revenue for the calendar quarter ending the last day of the preceding
210 month. Payment shall be made with such return.

211 Sec. 10. Subdivision (2) of subsection (a) of section 12-458 of the
212 general statutes is repealed and the following is substituted in lieu
213 thereof:

214 (2) On said date and coincident with the filing of such return each
215 distributor shall pay to the commissioner for the account of the
216 purchaser or consumer a tax (A) on each gallon of such fuels sold or
217 used in this state during the preceding calendar month of twenty-six
218 cents on and after January 1, 1992, twenty-eight cents on and after
219 January 1, 1993, twenty-nine cents on and after July 1, 1993, thirty cents
220 on and after January 1, 1994, thirty-one cents on and after July 1, 1994,

thirty-two cents on and after January 1, 1995, thirty-three cents on and after July 1, 1995, thirty-four cents on and after October 1, 1995, thirty-five cents on and after January 1, 1996, thirty-six cents on and after April 1, 1996, thirty-seven cents on and after July 1, 1996, thirty-eight cents on and after October 1, 1996, thirty-nine cents on and after January 1, 1997, thirty-six cents on and after July 1, 1997, [and] thirty-two cents on and after July 1, 1998, and twenty-five cents on and after July 1, 2000; and (B) in lieu of said taxes, each distributor shall pay a tax on each gallon of gasohol, as defined in section 14-1, sold or used in this state during such preceding calendar month, of twenty-five cents on and after January 1, 1992, twenty-seven cents on and after January 1, 1993, twenty-eight cents on and after July 1, 1993, twenty-nine cents on and after January 1, 1994, thirty cents on and after July 1, 1994, thirty-one cents on and after January 1, 1995, thirty-two cents on and after July 1, 1995, thirty-three cents on and after October 1, 1995, thirty-four cents on and after January 1, 1996, thirty-five cents on and after April 1, 1996, thirty-six cents on and after July 1, 1996, thirty-seven cents on and after October 1, 1996, thirty-eight cents on and after January 1, 1997, thirty-five cents on and after July 1, 1997, [and] thirty-one cents on and after July 1, 1998, and twenty-four cents on and after July 1, 2000; and (C) in lieu of such rate, on each gallon of diesel fuel, propane or natural gas sold or used in this state on and after September 1, 1991, during such preceding calendar month, of eighteen cents.

Sec. 11. Section 13b-61a of the general statutes is repealed and the following is substituted in lieu thereof:

Notwithstanding the provisions of section 13b-61, for calendar quarters ending on or after September 30, 1998, and prior to September 30, 1999, the Commissioner of Revenue Services shall deposit into the Special Transportation Fund established under section 13b-68, as amended by this act, five million dollars of the amount of funds received by the state from the tax imposed under section 12-587, as amended, on the gross earnings from the sales of petroleum products attributable to sales of motor vehicle fuel, [and commencing with the

255 calendar quarter ending September 30, 1999, and each calendar quarter
256 thereafter] for calendar quarters ending September 30, 1999, and prior
257 to September 30, 2000, the commissioner shall deposit into the Special
258 Transportation Fund, nine million dollars of the amount such funds
259 received by the state from the tax imposed under said section 12-587
260 on the gross earnings from the sales of petroleum products attributable
261 to sales of motor vehicle fuel, and for the calendar quarter ending
262 September 30, 2000, and each calendar quarter thereafter, the
263 commissioner shall deposit into the Special Transportation Fund,
264 eleven million five hundred thousand dollars of the amount such
265 funds received by the state from the tax imposed under said section 12-
266 587, on the gross earnings from the sales of petroleum products
267 attributable to sales of motor vehicle fuel.

268 Sec. 12. Section 13b-61b of the general statutes is repealed and the
269 following is substituted in lieu thereof:

270 Notwithstanding the provisions of section 13b-61, the
271 Commissioner of Motor Vehicles shall deposit into the Special
272 Transportation Fund established under section 13b-68, as amended by
273 this act, funds received by the state from the tax imposed under section
274 12-431, as amended, attributable to motor vehicles under said section
275 12-431, in accordance with the following schedule: (1) Ten million
276 dollars of the amount received by the state for the fiscal year ending
277 June 30, 2000; [(2) twenty million dollars of the amount received by the
278 state for the fiscal year ending June 30, 2001; (3) thirty million dollars
279 of the amount received by the state for the fiscal year ending June 30,
280 2002; and (4) forty million dollars of the amount received by the state
281 for the fiscal year ending June 30, 2003, and each fiscal year thereafter]
282 and (2) for the fiscal year ending June 30, 2001, and each fiscal year
283 thereafter, the total amount of funds received by the state from the tax
284 imposed under section 12-431, as amended, attributable to motor
285 vehicles under said section 12-431. Such funds shall be deposited into
286 the Special Transportation Fund on a monthly basis.

287 Sec. 13. Section 13b-68 of the general statutes is repealed and the

288 following is substituted in lieu thereof:

289 [(a)] There is established and created a fund to be known as the
290 "Special Transportation Fund". The fund may contain any moneys
291 required or permitted by law to be deposited in the fund and any
292 moneys recovered by the state for overpayments, improper payments
293 or duplicate payments made by the state relating to any transportation
294 infrastructure improvements which have been financed by special tax
295 obligation bonds issued pursuant to sections 13b-74 to 13b-77,
296 inclusive, and shall be held by the State Treasurer separate and apart
297 from all other moneys, funds and accounts. Investment earnings
298 credited to the assets of said fund shall become part of the assets of
299 said fund. Any balance [not exceeding twenty million dollars]
300 remaining in said fund at the end of any fiscal year shall be carried
301 forward in said fund for the fiscal year next succeeding.

302 [(b)] After the accounts for the Special Transportation Fund have
303 been closed for each fiscal year and the State Comptroller has
304 determined the balance remaining in said fund, and after any amounts
305 required by provision of law to be transferred for other purposes have
306 been deducted, the amount of such balance which exceeds twenty
307 million dollars shall be used by the State Treasurer and shall be
308 deemed to be appropriated for: (1) Redeeming prior to maturity any
309 outstanding special tax obligation indebtedness of the state selected by
310 the State Treasurer in the best interests of the state; (2) purchasing
311 outstanding special tax obligation indebtedness of the state in the open
312 market at such prices and on such terms and conditions as the State
313 Treasurer shall determine to be in the best interests of the state for the
314 purpose of extinguishing or defeasing such debt; (3) providing for the
315 defeasance of any outstanding special tax obligation indebtedness of
316 the state selected by the State Treasurer in the best interests of the state
317 by irrevocably placing with an escrow agent in trust an amount to be
318 used solely for, and sufficient to satisfy, scheduled payments of both
319 interest and principal on such indebtedness; (4) paying or providing
320 for the payment in the fiscal year ending June 30, 1999, or any fiscal
321 year thereafter of debt service requirements, as defined in section 13b-

322 75, at such time or times, in such amount or amounts and in such
323 manner, as provided by the proceedings authorizing the issuance of
324 special tax obligation bonds pursuant to sections 13b-74 to 13b-77,
325 inclusive; or (5) any combination of these methods.]

326 Sec. 14. Subdivision (1) of subsection (c) of section 14-332a of the
327 general statutes is repealed and the following is substituted in lieu
328 thereof:

329 (1) During the period commencing on July 1, 1998, and ending on
330 October 1, 1998, upon the reduction in the tax required by section 12-
331 458, as amended by this act, that is effective July 1, 1998, and during
332 the period commencing on July 1, 2000, and ending November 1, 2000,
333 upon the reduction in the tax required by said section 12-458, that is
334 effective July 1, 2000, each retail dealer shall, in accordance with
335 subdivision (2) of this subsection, reduce the per-gallon price of
336 gasoline or other product intended for use in the propelling of motor
337 vehicles using combustion type engines sold by such retail dealer at
338 retail in an amount equal to the amount of the reduction in such tax
339 that is imposed on each gallon of such gasoline or other product. Such
340 retail dealer shall maintain any such price reduction in effect for a
341 period of not less than [ninety] one hundred twenty days after such tax
342 reduction.

343 Sec. 15. (NEW) From the third Sunday in August until the Saturday
344 next succeeding, inclusive, the provisions of chapter 219 of the general
345 statutes shall not apply to sales of any article of clothing or footwear
346 intended to be worn on or about the human body the cost of which
347 article to the purchaser is less than three hundred dollars. For purposes
348 of this section, clothing or footwear shall not include (A) any special
349 clothing or footwear primarily designed for athletic activity or
350 protective use and which is not normally worn except when used for
351 the athletic activity or protective use for which it was designed, and (B)
352 jewelry, handbags, luggage, umbrellas, wallets, watches and similar
353 items carried on or about the human body but not worn on the body in
354 the manner characteristic of clothing intended for exemption under

355 this subdivision.

356 Sec. 16. Section 12-541 of the general statutes, as amended by section
357 16 of public act 99-121, section 52 of public act 99-173, section 57 of
358 public act 99-241 and section 27 of public act 99-1 of the June special
359 session, is repealed and the following is substituted in lieu thereof:

360 (a) There is hereby imposed a tax of ten per cent of the admission
361 charge to any place of amusement, entertainment or recreation, except
362 that no tax shall be imposed with respect to any admission charge (1)
363 when the admission charge is less than one dollar or, in the case of any
364 motion picture show, when the admission charge is not more than five
365 dollars, (2) when a daily admission charge is imposed which entitles
366 the patron to participate in an athletic or sporting activity, (3) to any
367 event, other than events held at the sportsplex, as defined in section
368 32-651, all of the proceeds from which inure exclusively to an entity
369 which is exempt from federal income tax under the Internal Revenue
370 Code, provided such entity actively engages in and assumes the
371 financial risk associated with the presentation of such event, (4) to any
372 event, other than events held at the sportsplex, as defined in section
373 32-651, which in the opinion of the commissioner, is conducted
374 primarily to raise funds for an entity which is exempt from federal
375 income tax under the Internal Revenue Code, provided the
376 commissioner is satisfied that the net profit which inures to such entity
377 from such event will exceed the amount of the admissions tax which,
378 but for this subdivision, would be imposed upon the person making
379 such charge to such event, (5) to (A) any event at the Hartford Civic
380 Center, the New Haven Coliseum, New Britain Beehive Stadium, New
381 Britain Stadium, effective for events occurring on or after the date such
382 stadium was placed in service, New Britain Veterans Memorial
383 Stadium, Bridgeport Harbor Yard Stadium, Stafford Motor Speedway,
384 Lime Rock Park, Thompson Speedway and Waterford Speedbowl,
385 facilities owned or managed by the Tennis Foundation of Connecticut
386 or any successor organization, [or] the William A. O'Neill Convocation
387 Center or the Connecticut Exposition Center, and (B) games of the
388 New Britain Rock Cats, New Haven Ravens or the Waterbury Spirit,

389 (6) other than for events held at the sportsplex, as defined in section
390 32-651, paid by centers of service for elderly persons, as described in
391 subdivision (d) of section 17b-425, (7) to any production featuring live
392 performances by actors or musicians presented at Gateway's
393 Candlewood Playhouse, Ocean Beach Park or any nonprofit theater or
394 playhouse in the state, provided such theater or playhouse possesses
395 evidence confirming exemption from federal tax under Section 501 of
396 the Internal Revenue Code, [or] (8) to any carnival or amusement ride,
397 or (9) if the admission charge would have been subject to tax under the
398 provisions of section 12-542 of the general statutes, revision of 1958,
399 revised to January 1, 1999. On and after July 1, 2000, the tax imposed
400 under this section on any motion picture show shall be eight per cent
401 of the admission charge and, on and after July 1, 2001, the tax imposed
402 on any such motion picture show shall be six per cent of such charge.

403 (b) The tax shall be imposed upon the person making such charge
404 and reimbursement for the tax shall be collected by such person from
405 the purchase. Such reimbursement, termed "tax", shall be paid by the
406 purchaser to the person making the admission charge. Such tax, when
407 added to the admission charge, shall be a debt from the purchaser to
408 the person making the admission charge and shall be recoverable at
409 law. The amount of tax reimbursement, when so collected, shall be
410 deemed to be a special fund in trust for the state of Connecticut.

411 Sec. 17. Subdivisions (8) and (9) of section 12-407 of the general
412 statutes are repealed and the following is substituted in lieu thereof:

413 (8) (A) "Sales price" means the total amount for which tangible
414 personal property is sold by a retailer, the total amount of rent for
415 which occupancy of a room is transferred by an operator, the total
416 amount for which any service described in subsection (2) of this
417 section, as amended, is rendered by a retailer or the total amount of
418 payment or periodic payments for which tangible personal property is
419 leased by a retailer, valued in money, whether paid in money or
420 otherwise, which amount is due and owing to the retailer or operator
421 and, subject to the provisions of subsection (1) of section 12-408,

422 whether or not actually received by the retailer or operator, without
423 any deduction on account of any of the following: (i) The cost of the
424 property sold; (ii) the cost of materials used, labor or service cost,
425 interest charged, losses or any other expenses; (iii) for any sale
426 occurring on or after July 1, 1993, any charges by the retailer to the
427 purchaser for shipping or delivery, notwithstanding whether such
428 charges are separately stated in a written contract, or on a bill or
429 invoice rendered to such purchaser or whether such shipping or
430 delivery is provided by the retailer or a third party. The provisions of
431 subparagraph (A) (iii) shall not apply to any item exempt from
432 taxation pursuant to section 12-412, as amended. Such total amount
433 includes any services that are a part of the sale; except as otherwise
434 provided in subparagraph (B)(v) or (B)(vi) of this subsection, any
435 amount for which credit is given to the purchaser by the retailer, and
436 all compensation and all employment-related expenses, whether or not
437 separately stated, paid to or on behalf of employees of a retailer of any
438 service described in subsection (2) of this section. (B) "Sales price" does
439 not include any of the following: (i) Cash discounts allowed and taken
440 on sales; (ii) any portion of the amount charged for property returned
441 by purchasers, which upon rescission of the contract of sale is
442 refunded either in cash or credit, provided the property is returned
443 within ninety days from the date of purchase; (iii) the amount of any
444 tax, not including any manufacturers' or importers' excise tax, imposed
445 by the United States upon or with respect to retail sales whether
446 imposed upon the retailer or the purchaser; (iv) the amount charged
447 for labor rendered in installing or applying the property sold,
448 provided such charge is separately stated and exclusive of such charge
449 for any service rendered within the purview of subparagraph (I) of
450 subdivision (i) of subsection (2) of this section; (v) unless the
451 provisions of subsection (4) of section 12-430 or of section 12-430a are
452 applicable, any amount for which credit is given to the purchaser by
453 the retailer, provided such credit is given solely for property of the
454 same kind accepted in part payment by the retailer and intended by
455 the retailer to be resold; (vi) the full face value of any coupon used by a
456 purchaser to reduce the price paid to a retailer for an item of tangible

457 personal property, whether or not the retailer will be reimbursed for
458 such coupon, in whole or in part, by the manufacturer of the item of
459 tangible personal property or by a third party; (vii) the amount
460 charged for separately stated compensation, fringe benefits, workers'
461 compensation and payroll taxes or assessments paid to or on behalf of
462 employees of a retailer who has contracted to manage a service
463 recipient's property or business premises and renders management
464 services described in subdivision (i) of subsection (2) of this section, as
465 amended, provided, the employees perform such services solely for
466 the service recipient at its property or business premises and "sales
467 price" shall include the separately stated compensation, fringe benefits,
468 workers' compensation and payroll taxes or assessments paid to or on
469 behalf of any employee of the retailer who is an officer, director or
470 owner of more than five per cent of the outstanding capital stock of the
471 retailer. Determination whether an employee performs services solely
472 for a service recipient at its property or business premises for purposes
473 of this subdivision shall be made by reference to such employee's
474 activities during the time period beginning on the later of the
475 commencement of the management contract, the date of the
476 employee's first employment by the retailer or the date which is six
477 months immediately preceding the date of such determination; (viii)
478 the amount charged for separately stated compensation, fringe
479 benefits, workers' compensation and payroll taxes or assessments paid
480 to or on behalf of (I) a leased employee, or (II) a worksite employee by
481 a professional employer organization pursuant to a professional
482 employer agreement. For purposes of this subparagraph, an employee
483 shall be treated as a leased employee if the employee is provided to the
484 client at the commencement of an agreement with an employee leasing
485 organization under which at least seventy-five per cent of the
486 employees provided to the client at the commencement of such initial
487 agreement qualify as leased employees pursuant to Section 414(n) of
488 the Internal Revenue Code of 1986, or any subsequent corresponding
489 internal revenue code of the United States, as from time to time
490 amended, or the employee is added to the client's workforce by the
491 employee leasing organization subsequent to the commencement of

492 such initial agreement and qualifies as a leased employee pursuant to
493 Section 414(n) of said Internal Revenue Code of 1986 without regard to
494 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
495 worksite employee subject to a professional employer agreement, shall
496 not include any employee who is hired by a temporary help service
497 and assigned to support or supplement the workforce of a temporary
498 help service's client; and (ix) any amount received by a retailer from a
499 purchaser as the battery deposit that is required to be paid under
500 subsection (a) of section 22a-245h; the refund value of a beverage
501 container that is required to be paid under subsection (a) of section
502 22a-244; or a deposit that is required by law to be paid by the
503 purchaser to the retailer and that is required by law to be refunded to
504 the purchaser by the retailer when the same or similar tangible
505 personal property is delivered as required by law to the retailer by the
506 purchaser, if such amount is separately stated on the bill or invoice
507 rendered by the retailer to the purchaser.

508 (9) (A) "Gross receipts" means the total amount of the sales price
509 from retail sales of tangible personal property by a retailer, the total
510 amount of the rent from transfers of occupancy of rooms by an
511 operator, the total amount of the sales price from retail sales of any
512 service described in subsection (2) of this section, as amended, by a
513 retailer of services, or the total amount of payment or periodic
514 payments from leases or rentals of tangible personal property by a
515 retailer, valued in money, whether received in money or otherwise,
516 which amount is due and owing to the retailer or operator and, subject
517 to the provisions of subsection (1) of section 12-408, as amended,
518 whether or not actually received by the retailer or operator, without
519 any deduction on account of any of the following: (i) The cost of the
520 property sold; however, in accordance with such regulations as the
521 Commissioner of Revenue Services may prescribe, a deduction may be
522 taken if the retailer has purchased property for some other purpose
523 than resale, has reimbursed his vendor for tax which the vendor is
524 required to pay to the state or has paid the use tax with respect to the
525 property, and has resold the property prior to making any use of the

property other than retention, demonstration or display while holding it for sale in the regular course of business. If such a deduction is taken by the retailer, no refund or credit will be allowed to his vendor with respect to the sale of the property; (ii) the cost of the materials used, labor or service cost, interest paid, losses or any other expense; (iii) for any sale occurring on or after July 1, 1993, except for any item exempt from taxation pursuant to section 12-412, as amended, any charges by the retailer to the purchaser for shipping or delivery, notwithstanding whether such charges are separately stated in the written contract, or on a bill or invoice rendered to such purchaser or whether such shipping or delivery is provided by the retailer or a third party. The total amount of the sales price includes any services that are a part of the sale; all receipts, cash, credits and property of any kind; except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this subsection, any amount for which credit is allowed by the retailer to the purchaser; and all compensation and all employment-related expenses, whether or not separately stated, paid to or on behalf of employees of a retailer of any service described in subsection (2) of this section. (B) "Gross receipts" do not include any of the following: (i) Cash discounts allowed and taken on sales; (ii) any portion of the sales price of property returned by purchasers, which upon rescission of the contract of sale is refunded either in cash or credit, provided the property is returned within ninety days from the date of sale; (iii) the amount of any tax, not including any manufacturers' or importers' excise tax, imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the purchaser; (iv) the amount charged for labor rendered in installing or applying the property sold, provided such charge is separately stated and exclusive of such charge for any service rendered within the purview of subparagraph (I) of subdivision (i) of subsection (2) of this section; (v) unless the provisions of subsection (4) of section 12-430 or of section 12-430a are applicable, any amount for which credit is given to the purchaser by the retailer, provided such credit is given solely for property of the same kind accepted in part payment by the retailer and intended by the retailer to be resold; (vi) the full face value of any coupon used by a

561 purchaser to reduce the price paid to the retailer for an item of tangible
562 personal property, whether or not the retailer will be reimbursed for
563 such coupon, in whole or in part, by the manufacturer of the item of
564 tangible personal property or by a third party; (vii) the amount
565 charged for separately stated compensation, fringe benefits, workers'
566 compensation and payroll taxes or assessments paid to or on behalf of
567 employees of a retailer who has contracted to manage a service
568 recipient's property or business premises and renders management
569 services described in subdivision (i) of subsection (2) of this section,
570 provided the employees perform such services solely for the service
571 recipient at its property or business premises and "gross receipts" shall
572 include the separately stated compensation, fringe benefits, workers'
573 compensation and payroll taxes or assessments paid to or on behalf of
574 any employee of the retailer who is an officer, director or owner of
575 more than five per cent of the outstanding capital stock of the retailer.
576 Determination whether an employee performs services solely for a
577 service recipient at its property or business premises for purposes of
578 this subdivision shall be made by reference to such employee's
579 activities during the time period beginning on the later of the
580 commencement of the management contract, the date of the
581 employee's first employment by the retailer or the date which is six
582 months immediately preceding the date of such determination; (viii)
583 the amount charged for separately stated compensation, fringe
584 benefits, workers' compensation and payroll taxes or assessments paid
585 to or on behalf of (I) a leased employee, or (II) a worksite employee by
586 a professional employer organization pursuant to a professional
587 employer agreement. For purposes of this subparagraph, an employee
588 shall be treated as a leased employee if the employee is provided to the
589 client at the commencement of an agreement with an employee leasing
590 organization under which at least seventy-five per cent of the
591 employees provided to the client at the commencement of such initial
592 agreement qualify as leased employees pursuant to Section 414(n) of
593 the Internal Revenue Code of 1986, or any subsequent corresponding
594 internal revenue code of the United States, as from time to time
595 amended, or the employee is added to the client's workforce by the

596 employee leasing organization subsequent to the commencement of
597 such initial agreement and qualifies as a leased employee pursuant to
598 Section 414(n) of said Internal Revenue Code of 1986 without regard to
599 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
600 worksite employee subject to a professional employer agreement, shall
601 not include any employee who is hired by a temporary help service
602 and assigned to support or supplement the workforce of a temporary
603 help service's client; and (ix) the amount received by a retailer from a
604 purchaser as the battery deposit that is required to be paid under
605 subsection (a) of section 22a-256h; the refund value of a beverage
606 container that is required to be paid under subsection (a) of section
607 22a-244 or a deposit that is required by law to be paid by the purchaser
608 to the retailer and that is required by law to be refunded to the
609 purchaser by the retailer when the same or similar tangible personal
610 property is delivered as required by law to the retailer by the
611 purchaser, if such amount is separately stated on the bill or invoice
612 rendered by the retailer to the purchaser.

613 Sec. 18. Section 12-407 of the general statutes, as amended by
614 sections 10 to 12, inclusive, of public act 99-173 and section 10 of public
615 act 99-285, is amended by adding subdivisions (31) to (33), inclusive, as
616 follows:

617 (NEW) (31) "Professional employer agreement" means a written
618 contract between a professional employer organization and a service
619 recipient whereby the professional employer organization agrees to
620 provide at least seventy-five per cent of the employees at the service
621 recipient's worksite, which contract provides that such worksite
622 employees are intended to be permanent employees rather than
623 temporary employees, and employer responsibilities for such worksite
624 employees, including hiring, firing and disciplining, are allocated
625 between the professional employer organization and the service
626 recipient.

627 (NEW) (32) "Professional employer organization" means any person
628 that enters into a professional employer agreement with a service

629 recipient whereby the professional employer organization agrees to
630 provide at least seventy-five per cent of the employees at the service
631 recipient's worksite.

632 (NEW) (33) "Worksite employee" means an employee, the employer
633 responsibilities for which, including hiring, firing and disciplining, are
634 allocated, under a professional employer agreement, between a
635 professional employer organization and a service recipient.

636 Sec. 19. (NEW) (a) For income years commencing on or after
637 January 1, 2000, there shall be allowed as a credit against the tax
638 imposed by section 12-202a of the general statutes an amount as
639 calculated pursuant to subsection (b) of this section.

640 (b) The amount of credit allowed in any income year shall be equal
641 to fifty-five dollars multiplied by the sum of the number of persons
642 provided health care coverage by the taxpayer under the HUSKY
643 Medicaid Plan Part A, HUSKY Part B, or the HUSKY Plus programs,
644 each as defined in section 17b-290 of the general statutes, as amended,
645 on the first day of each month of the income year for which the credit
646 is taken, divided by twelve.

647 (c) The credit allowed under this section shall not be taken into
648 account for purposes of the instalment payments due under section 12-
649 204c of the general statutes but shall be taken into account in the
650 annual return required under section 12-205 of the general statutes.

651 (d) The amount of credit allowed any taxpayer under this section for
652 any income year may not exceed the amount of tax due from such
653 taxpayer under section 12-202a of the general statutes with respect to
654 such income year.

655 Sec. 20. (NEW) (a) The Commissioner of Revenue Services shall
656 grant a credit against any tax due under the provisions of chapter 207,
657 208, 209, 210, 211 or 212 of the general statutes, for the donation to a
658 local or regional board of education or a public school of new
659 computers or used computers that are not more than two years old at

660 the time of the donation in accordance with this section. The amount of
661 the credit shall not exceed fifty per cent of the fair market value of the
662 new or used computer at the time of donation as described in this
663 section.

664 (b) Any business firm may apply to the Commissioner of Revenue
665 Services for a tax credit under this section. The commissioner, in
666 consultation with the Commissioner of Education, shall develop an
667 application form for such credit which shall contain, but not be limited
668 to, the following information: (1) The number of computers to be
669 donated, (2) to whom the donation will be made, (3) when the
670 donation will be made, (4) the fair market value of the donated
671 computers at the time of donation, and (5) such additional information
672 as the commissioner may prescribe. A copy of a written agreement
673 between the business firm and the local or regional board of education
674 or public school shall be submitted with the application. The
675 agreement shall provide for the acceptance of the computers by the
676 board of education or public school, an acknowledgement that the
677 computers are in good working condition and a requirement for the
678 business firm to install, set up and provide training to school staff on
679 such computers.

680 (c) Such applications may be submitted to the Commissioner of
681 Revenue Services on an ongoing basis. The commissioner shall review
682 each application and shall, not later than thirty days following its
683 receipt, approve or disapprove the application. The decision of the
684 commissioner to approve or disapprove an application pursuant to the
685 provisions of this section shall be in writing and, if the commissioner
686 approves the proposal, the commissioner shall state the maximum
687 credit allowable to the business firm. A copy of the decision shall be
688 attached to the tax return of the business firm upon which the tax
689 credit granted pursuant to this section is claimed.

690 (d) (1) The amount of the credit granted to any business firm under
691 the provisions of this section shall not exceed seventy-five thousand
692 dollars annually. The total amount of all tax credits allowed to all

693 business firms pursuant to the provisions of this section shall not
694 exceed one million dollars in any one fiscal year. (2) The credit may
695 only be used to reduce the taxpayer's tax liability for the year in which
696 the donation is made and shall not be used to reduce such liability to
697 less than zero.

698 Sec. 21. (NEW) (a) The Commissioner of Higher Education may
699 select a direct pay permit holder, as described in section 12-409a of the
700 general statutes, for a pilot program in accordance with the provisions
701 of this section.

702 (b) There shall be allowed a credit to such direct pay permit holder
703 in an amount equal to the amount of a qualified investment, as defined
704 in subsection (c) of this section, that is made on or after July 1, 2000,
705 against the use tax liability that is incurred under chapter 219 of the
706 general statutes by such holder in making purchases on or after July 1,
707 2000, of computer equipment to be used in this state in electronic
708 commerce. The total amount of such credits allowed under this section
709 shall not exceed two million dollars in the aggregate. No credit shall be
710 allowed under this section unless the Commissioner of Higher
711 Education certifies, in a manner satisfactory to the Commissioner of
712 Revenue Services, that a qualified investment has been made by the
713 direct pay permit holder and that projects related to such investment
714 have been completed. The Commissioner of Revenue Services may
715 adopt regulations, in accordance with the provisions of chapter 54 of
716 the general statutes, which prescribe the procedures for the direct pay
717 permit holder to claim the credit allowed under this section.

718 (c) For purposes of this section, "qualified investment" means
719 resources, including, but not limited to, cash, property or services
720 provided by a direct pay permit holder to a public or private college or
721 university in this state, for the design, planning, construction or
722 renovation of buildings or classrooms, the acquisition of computer
723 equipment or the acquisition of other property or licenses necessary
724 for operation of computer programs which will be used in the
725 instruction of students in business studies related to electronic

726 commerce or in work force development programs.

727 Sec. 22. Subsection (a) of section 12-314 of the general statutes, as
728 amended by section 6 of public act 99-109, is repealed and the
729 following is substituted in lieu thereof:

730 (a) The sale of [single cigarettes or] cigarettes other than in an
731 unopened package containing twenty or more cigarettes originating
732 with the manufacturer which bears the health warning required by law
733 is prohibited.

734 Sec. 23. Section 8-395 of the general statutes, as amended by section
735 33 of public act 99-173, is repealed and the following is substituted in
736 lieu thereof:

737 (a) As used in this section, (1) "business firm" means any business
738 entity authorized to do business in the state and subject to the
739 corporation business tax imposed under chapter 208, or any company
740 subject to a tax imposed under chapter 207, or any air carrier subject to
741 the air carriers tax imposed under chapter 209, or any railroad
742 company subject to the railroad companies tax imposed under chapter
743 210, or any regulated telecommunications service, express, telegraph,
744 cable, or community antenna television company subject to the
745 regulated telecommunications service, express, telegraph, cable, and
746 community antenna television companies tax imposed under chapter
747 211, or any utility company subject to the utility companies tax
748 imposed under chapter 212, and (2) "nonprofit corporation" means a
749 nonprofit corporation incorporated pursuant to chapter 602 or any
750 predecessor statutes thereto, having as one of its purposes the
751 construction, rehabilitation, ownership or operation of housing and
752 having articles of incorporation approved by the executive director of
753 the Connecticut Housing Finance Authority in accordance with
754 regulations adopted pursuant to section 8-79a or 8-84.

755 (b) The Commissioner of Revenue Services shall grant a credit
756 against any tax due under the provisions of chapter 207, 208, 209, 210,
757 211 or 212 in an amount equal to the amount specified by the

758 Connecticut Housing Finance Authority in any tax credit voucher
759 issued by said authority pursuant to subsection (c) of this section.

760 (c) The Connecticut Housing Finance Authority shall administer a
761 system of tax credit vouchers within the resources, requirements and
762 purposes of this section, for business firms making cash contributions
763 to housing programs developed, sponsored or managed by a nonprofit
764 corporation, as defined in subsection [(w) of section 8-39] (a) of this
765 section, which benefit low and moderate income persons or families
766 which have been approved prior to the date of any such cash
767 contribution by the authority. Such vouchers may be used as a credit
768 against any of the taxes to which such business firm is subject and
769 which are enumerated in subsection (b) of this section. For income
770 years commencing on or after January 1, 1998, to be eligible for
771 approval a housing program shall be scheduled for completion not
772 more than three years from the date of approval. Each program shall
773 submit to the authority quarterly progress reports and a final report
774 upon completion, in a manner and form prescribed by the authority. If
775 a program fails to be completed after three years, or at any time the
776 authority determines that a program is unlikely to be completed, the
777 authority may reclaim any remaining funds contributed by business
778 firms and reallocate such funds to another eligible program.

779 (d) No business firm shall receive a credit pursuant to both this
780 section and chapter 228a in relation to the same cash contribution.

781 (e) Nothing in this section shall be construed to prevent two or more
782 business firms from participating jointly in one or more programs
783 under the provisions of this section. Such joint programs shall be
784 submitted, and acted upon, as a single program by the business firms
785 involved.

786 [(f) The sum of all tax credit granted pursuant to the provisions of
787 this section shall not exceed seventy-five thousand dollars annually
788 per business firm and no]

789 (f) No tax credit shall be granted to any business firm for any

790 individual amount contributed of less than two hundred fifty dollars.

791 [(g) No tax credit shall be granted to any bank, bank and trust
792 company, insurance company, trust company, national bank, savings
793 association, or building and loan association or any other business
794 entity for activities that are a part of its normal course of business.]

795 [(h)] (g) Any tax credit not used in the period during which the cash
796 contribution was made may be carried forward or backward for the
797 five immediately succeeding or preceding income years until the full
798 credit has been allowed.

799 [(i)] (h) In no event shall the total amount of all tax credits allowed
800 to all business firms pursuant to the provisions of this section exceed
801 five million dollars in any one fiscal year.

802 [(j) No tax credit shall be granted to any business firm unless such
803 firm furnishes proof to the Commissioner of Revenue Services that the
804 amount of funds expended for contributions for the support of
805 housing programs by such business firm is not less in the year for
806 which such credit is sought than the amount expended in the year
807 immediately preceding the year for which such credit is sought.]

808 [(k)] (i) No organization conducting a housing program or programs
809 eligible for funding with respect to which tax credits may be allowed
810 under this section shall be allowed to receive an aggregate amount of
811 such funding for any such program or programs in excess of four
812 hundred thousand dollars for any fiscal year.

813 [(l)] (j) Nothing in this section shall be construed to prevent a
814 business firm from making any cash contribution to a housing
815 program to which tax credits may be applied which cash contribution
816 may result in the business firm having a limited equity interest in the
817 program.

818 [(m)] (k) The Connecticut Housing Finance Authority, with the
819 approval of the Commissioner of Revenue Services, shall adopt written

820 procedures in accordance with section 1-121 to implement the
821 provisions of this section. Such procedures shall include provisions for
822 issuing tax credit vouchers for cash contributions to housing programs
823 based on a system of ranking housing programs. In establishing such
824 ranking system, the authority shall consider the following: (1) The
825 readiness of the project to be built; (2) use of the funds to build or
826 rehabilitate a specific housing project or to capitalize a revolving loan
827 fund providing low-cost loans for housing construction, repair or
828 rehabilitation to benefit persons of very low, low and moderate
829 income; (3) the extent the project will benefit families at or below
830 twenty-five per cent of the area median income and families with
831 incomes between twenty-five per cent and fifty per cent of the area
832 median income, as defined by the United States Department of
833 Housing and Urban Development; (4) evidence of the general
834 administrative capability of the nonprofit corporation to build or
835 rehabilitate housing; (5) evidence that any funds received by the
836 nonprofit corporation for which a voucher was issued were used to
837 accomplish the goals set forth in the application; and (6) with respect
838 to any income year commencing on or after January 1, 1998: [(6) use]
839 (A) Use of the funds to provide housing opportunities in urban areas
840 and the impact of such funds on neighborhood revitalization; and [(7)]
841 (B) the extent to which tax credit funds are leveraged by other funds.

842 [(n)] (l) Vouchers issued or reserved by the Department of Housing
843 under the provisions of this section prior to July 1, 1995, shall be valid
844 on and after July 1, 1995, to the same extent as they would be valid
845 under the provisions of this section in effect on June 30, 1995.

846 [(o)] On or before October 1, 1995, the authority shall adopt written
847 procedures, in accordance with section 1-121, to implement the
848 provisions of this section.]

849 [(p)] (m) The credit which is sought by the business firm shall first
850 be claimed on the tax return for such business firm's income year
851 during which the cash contribution to which the tax credit voucher
852 relates was paid.

853 Sec. 24. Subsection (c) of section 12-217 of the general statutes, as
854 amended by section 1 of public act 99-83, is repealed and the following
855 is substituted in lieu thereof:

856 (c) (1) Notwithstanding the provisions of subsections (a) and (b) of
857 this section, "net income", in the case of an S corporation, means the
858 percentage of the nonseparately computed income or loss, as defined
859 in Section 1366(a)(2) of the Internal Revenue Code, of such S
860 corporation, without separate state adjustment pursuant to section
861 12-233 or 12-226a for the compensation of any officer or employee, to
862 which shall be added (A) any taxes imposed under the provisions of
863 this chapter which are paid or accrued in the income year and (B) any
864 taxes in any state of the United States or any political subdivision of
865 such state, or the District of Columbia, imposed on or measured by the
866 income or profits of a corporation which are paid or accrued in the
867 income year as provided in subdivision (2) of this subsection.

868 (2) For income years commencing prior to January 1, 1997, "net
869 income" means one hundred per cent of the amount computed under
870 subdivision (1) of this subsection; for income years commencing on or
871 after January 1, 1997, and prior to January 1, 1998, "net income" means
872 ninety per cent of the amount computed under subdivision (1) of this
873 subsection; for income years commencing on or after January 1, 1998,
874 and prior to January 1, 1999, "net income" means seventy-five per cent
875 of the amount computed under subdivision (1) of this subsection; for
876 income years commencing on or after January 1, 1999, and prior to
877 January 1, 2000, "net income" means fifty-five per cent of the amount
878 computed under subdivision (1) of this subsection; for income years
879 commencing on or after January 1, 2000, and prior to January 1, 2001,
880 "net income" means thirty per cent of the amount computed under
881 subdivision (1) of this subsection; for income years commencing on or
882 after January 1, 2001, net income of S corporations as computed under
883 subdivision (1) of this subsection shall not be subject to the tax under
884 this chapter. Any S corporation subject to the tax on net income as
885 provided in this section shall be eligible for any credit against the tax
886 otherwise available to taxpayers under this chapter only to the extent

887 and in the same percentage as net income of such S corporation is
888 subject to taxation under this chapter, except that any S corporation
889 with an income year commencing on or after January 1, 1999, but
890 before December 31, 2000, shall be eligible for the entire credit
891 available under sections 8-395, as amended by this act, 12-633, 12-634,
892 12-635 and 12-635a.

893 Sec. 25. Section 12-218 of the general statutes, as amended by section
894 4 of public act 99-121, is repealed and the following is substituted in
895 lieu thereof:

896 (a) Any taxpayer which is taxable both within and without this state
897 shall apportion its net income as provided in this section. For purposes
898 of apportionment of income under this section, a taxpayer is taxable in
899 another state if in such state such taxpayer conducts business and is
900 subject to a net income tax, a franchise tax for the privilege of doing
901 business, or a corporate stock tax, or if such state has jurisdiction to
902 subject such taxpayer to such a tax, regardless of whether such state
903 does, in fact, impose such a tax.

904 (b) The net income of the taxpayer, when derived from business
905 other than the manufacture, sale or use of tangible personal or real
906 property, shall be apportioned within and without the state by means
907 of an apportionment fraction, the numerator of which shall represent
908 the gross receipts from business carried on within Connecticut and the
909 denominator shall represent the gross receipts from business carried
910 on everywhere, except that any gross receipts attributable to an
911 international banking facility, as defined in section 12-217, shall not be
912 included in the numerator or the denominator. Gross receipts as used
913 in this subsection shall have the same meaning as used in subdivision
914 (3) of subsection (c) of this section.

915 (c) [The] Except as otherwise provided in subsection (k) or (l) of this
916 section, the net income of the taxpayer when derived from the
917 manufacture, sale or use of tangible personal or real property, shall be
918 apportioned within and without the state by means of an

919 apportionment fraction, to be computed as the sum of the property
920 factor, the payroll factor and twice the receipts factor, divided by four.
921 (1) The first of these fractions, the property factor, shall represent that
922 part of the average monthly net book value of the total tangible
923 property held and owned by the taxpayer during the income year
924 which is held within the state, without deduction on account of any
925 encumbrance thereon, and the value of tangible property rented to the
926 taxpayer computed by multiplying the gross rents payable during the
927 income year or period by eight. For the purpose of this section, gross
928 rents shall be the actual sum of money or other consideration payable,
929 directly or indirectly, by the taxpayer or for its benefit for the use or
930 possession of the property, excluding royalties, but including interest,
931 taxes, insurance, repairs or any other amount required to be paid by
932 the terms of a lease or other arrangement and a proportionate part of
933 the cost of any improvement to the real property made by or on behalf
934 of the taxpayer which reverts to the owner or lessor upon termination
935 of a lease or other arrangement, based on the unexpired term of the
936 lease commencing with the date the improvement is completed,
937 provided, where a building is erected on leased land by or on behalf of
938 the taxpayer, the value of the land is determined by multiplying the
939 gross rent by eight, and the value of the building is determined in the
940 same manner as if owned by the taxpayer. (2) The second fraction, the
941 payroll factor, shall represent the part of the total wages, salaries and
942 other compensation to employees paid by the taxpayer during the
943 income year which was paid in this state, excluding any such wages,
944 salaries or other compensation attributable to the production of gross
945 income of an international banking facility as defined in section 12-217.
946 Compensation is paid in this state if (A) the individual's service is
947 performed entirely within the state; or (B) the individual's service is
948 performed both within and without the state, but the service
949 performed without the state is incidental to the individual's service
950 within the state; or (C) some of the service is performed in the state
951 and (i) the base of operations or, if there is no base of operations, the
952 place from which the service is directed or controlled is in the state, or
953 (ii) the base of operations or the place from which the service is

954 directed or controlled is not in any state in which some part of the
955 service is performed, but the individual's residence is in this state. (3)
956 The third fraction, the receipts factor, shall represent the part of the
957 taxpayer's gross receipts from sales or other sources during the income
958 year, computed according to the method of accounting used in the
959 computation of its entire net income, which is assignable to the state,
960 and excluding any gross receipts attributable to an international
961 banking facility as defined in section 12-217, but including receipts
962 from sales of tangible property if the property is delivered or shipped
963 to a purchaser within this state, other than a company which qualifies
964 as a Domestic International Sales Corporation (DISC) as defined in
965 Section 992 of the Internal Revenue Code of 1986, or any subsequent
966 corresponding internal revenue code of the United States, as from time
967 to time amended, and as to which a valid election under Subsection (b)
968 of said Section 992 to be treated as a DISC is effective, regardless of the
969 f.o.b. point or other conditions of the sale, receipts from services
970 performed within the state, rentals and royalties from properties
971 situated within the state, royalties from the use of patents or
972 copyrights within the state, interest managed or controlled within the
973 state, net gains from the sale or other disposition of intangible assets
974 managed or controlled within the state, net gains from the sale or other
975 disposition of tangible assets situated within the state and all other
976 receipts earned within the state.

977 (d) Any motor bus company which is taxable both within and
978 without this state shall apportion its net income derived from carrying
979 of passengers for hire by means of an apportionment fraction, the
980 numerator of which shall represent the total number of miles operated
981 within this state and the denominator of which shall represent the total
982 number of miles operated everywhere, but income derived by motor
983 bus companies from sources other than the carrying of passengers for
984 hire shall be apportioned as herein otherwise provided.

985 (e) Any motor carrier which transports property for hire and which
986 is taxable both within and without this state shall apportion its net
987 income derived from carrying of property for hire by means of an

988 apportionment fraction, the numerator of which shall represent the
989 total number of miles operated within this state and the denominator
990 of which shall represent the total number of miles operated
991 everywhere, but income derived by motor carriers from sources other
992 than the carrying of property for hire shall be apportioned as herein
993 otherwise provided.

994 (f) (1) Each taxpayer that provides management, distribution or
995 administrative services, as defined in this subsection, to or on behalf of
996 a regulated investment company, as defined in Section 851 of the
997 Internal Revenue Code shall apportion its net income derived, directly
998 or indirectly, from providing management, distribution or
999 administrative services to or on behalf of a regulated investment
1000 company, including net income received directly or indirectly from
1001 trustees, and sponsors or participants of employee benefit plans which
1002 have accounts in a regulated investment company, in the manner
1003 provided in this subsection. Income derived by such taxpayer from
1004 sources other than the providing of management, distribution or
1005 administrative services to or on behalf of a regulated investment
1006 company shall be apportioned as provided in this chapter.

1007 (2) The numerator of the apportionment fraction shall consist of the
1008 sum of the Connecticut receipts, as described in subdivision (3) of this
1009 subsection. The denominator of the apportionment fraction shall
1010 consist of the total receipts from the sale of management, distribution
1011 or administrative services to or on behalf of all the regulated
1012 investment companies. For purposes of this subsection, "receipts"
1013 means receipts computed according to the method of accounting used
1014 by the taxpayer in the computation of net income.

1015 (3) For purposes of this subsection, Connecticut receipts shall be
1016 determined by multiplying receipts from the rendering of
1017 management, distribution or administrative services to or on behalf of
1018 each separate regulated investment company by a fraction (A) the
1019 numerator of which shall be the average of (i) the number of shares on
1020 the first day of such regulated investment company's taxable year, for

1021 federal income tax purposes, which ends within or at the same time as
1022 the taxable year of the taxpayer, that are owned by shareholders of
1023 such regulated investment company then domiciled in this state and
1024 (ii) the number of shares on the last day of such regulated investment
1025 company's taxable year, for federal income tax purposes, which ends
1026 within or at the same time as the taxable year of the taxpayer, that are
1027 owned by shareholders of such regulated investment company then
1028 domiciled in this state; and (B) the denominator of which shall be the
1029 average of the number of shares that are owned by shareholders of
1030 such regulated investment company on such dates.

1031 (4) (A) For purposes of this subsection, "management services"
1032 includes, but is not limited to, the rendering of investment advice
1033 directly or indirectly to a regulated investment company, making
1034 determinations as to when sales and purchases of securities are to be
1035 made on behalf of the regulated investment company, or the selling or
1036 purchasing of securities constituting assets of a regulated investment
1037 company, and related activities, but only where such activity or
1038 activities are performed (i) pursuant to a contract with the regulated
1039 investment company entered into pursuant to 15 USC 80a-15(a), as
1040 from time to time amended, (ii) for a person that has entered into such
1041 contract with the regulated investment company, or (iii) for a person
1042 that is affiliated with a person that has entered into such contract with
1043 a regulated investment company.

1044 (B) For purposes of this subsection, "distribution services" includes,
1045 but is not limited to, the services of advertising, servicing, marketing
1046 or selling shares of a regulated investment company, but, in the case of
1047 advertising, servicing or marketing shares, only where such service is
1048 performed by a person that is, or, in the case of a closed end company,
1049 was, either engaged in the service of selling such shares or affiliated
1050 with a person that is engaged in the service of selling such shares. In
1051 the case of an open end company, such service of selling shares shall
1052 be performed pursuant to a contract entered into pursuant to 15 USC
1053 80a-15(b), as from time to time amended.

1054 (C) For purposes of this subsection, "administrative services"
1055 includes, but is not limited to, clerical, fund or shareholder accounting,
1056 participant record keeping, transfer agency, bookkeeping, data
1057 processing, custodial, internal auditing, legal and tax services
1058 performed for a regulated investment company but only if the
1059 provider of such service or services during the income year in which
1060 such service or services are provided also provides, or is affiliated with
1061 a person that provides, management or distribution services to such
1062 regulated investment company.

1063 (D) For purposes of this subsection, a person is "affiliated" with
1064 another person if each person is a member of the same affiliated group,
1065 as defined under Section 1504 of the Internal Revenue Code without
1066 regard to subsection (b) of said section.

1067 (E) For purposes of this subsection, the domicile of a shareholder
1068 shall be presumed to be such shareholder's mailing address as shown
1069 in the records of the regulated investment company except that for
1070 purposes of this subsection, if the shareholder of record is an insurance
1071 company which holds the shares of the regulated investment company
1072 as depositor for the benefit of a separate account, then the taxpayer
1073 may elect to treat as the shareholders the contract owners or
1074 policyholders of the contracts or policies supported by such separate
1075 account. An election made under this subparagraph shall apply to all
1076 shareholders that are insurance companies and shall be irrevocable for,
1077 and applicable for, five successive income years. In any year that such
1078 an election is applicable, it shall be presumed that the domicile of a
1079 shareholder is the mailing address of the contract owner or
1080 policyholder as shown in the records of the insurance company.

1081 (g) (1) Each taxpayer that provides securities brokerage services, as
1082 defined in this subsection, shall apportion its net income derived,
1083 directly or indirectly, from rendering securities brokerage services in
1084 the manner provided in this subsection. Income derived by such
1085 taxpayer from sources other than the rendering of securities brokerage
1086 services shall be apportioned as provided in this chapter.

1087 (2) The numerator of the apportionment fraction shall consist of the
1088 brokerage commissions and total margin interest paid on behalf of
1089 brokerage accounts owned by the taxpayer's customers who are
1090 domiciled in this state during such taxpayer's income year, computed
1091 according to the method of accounting used in the computation of net
1092 income. The denominator of the apportionment fraction shall consist of
1093 brokerage commissions and total margin interest paid on behalf of
1094 brokerage accounts owned by all of the taxpayer's customers,
1095 wherever domiciled, during such taxpayer's income year, computed
1096 according to the method of accounting used in the computation of net
1097 income.

1098 (3) For purposes of this subsection:

1099 (A) "Security brokerage services" means services and activities
1100 including all aspects of the purchasing and selling of securities
1101 rendered by a broker, as defined in 15 USC 78c(a)(4) and registered
1102 under the provisions of 15 USC 78a to 78kk, inclusive, as from time to
1103 time amended, to effectuate transactions in securities for the account of
1104 others, and a dealer, as defined in 15 USC 78c(a)(5) and registered
1105 under the provisions of 15 USC 78a to 78kk, inclusive, as from time to
1106 time amended, to buy and sell securities, through a broker or
1107 otherwise. Security brokerage services shall not include services
1108 rendered by any person buying or selling securities for such person's
1109 own account, either individually or in some fiduciary capacity, but not
1110 as part of a regular business carried on by such person.

1111 (B) "Securities" means security, as defined in 15 USC 78c(a)(10), as
1112 from time to time amended.

1113 (C) "Brokerage commission" means all compensation received for
1114 effecting purchases and sales for the account or on order of others,
1115 whether in a principal or agency transaction, and whether charged
1116 explicitly or implicitly as a fee, commission, spread, markup or
1117 otherwise.

1118 (4) For purposes of this subsection, the domicile of a customer shall

1119 be presumed to be such customer's mailing address as shown in the
1120 records of the taxpayer.

1121 (h) (1) Any company that is (A) a limited partner in a partnership,
1122 other than an investment partnership, that does business, owns or
1123 leases property or maintains an office within this state and (B) not
1124 otherwise carrying on or doing business in this state shall pay the tax
1125 imposed under section 12-214 solely on its distributive share as a
1126 partner of the income or loss of such partnership to the extent such
1127 income or loss is derived from or connected with sources within this
1128 state, except that, if the commissioner determines that the company
1129 and the partnership are, in substance, parts of a unitary business
1130 engaged in a single business enterprise, the company shall be taxed in
1131 accordance with the provisions of subdivision (3) of this subsection
1132 and not in accordance with the provisions of this subdivision,
1133 provided, in lieu of the payment of tax based solely on its distributive
1134 share, such company may elect for any particular income year, on or
1135 before the due date or, if applicable the extended due date, of its
1136 corporation business tax return for such income year, to apportion its
1137 net income within and without the state under the provisions of this
1138 chapter.

1139 (2) Any company that is (A) a limited partner (i) in an investment
1140 partnership or (ii) in a limited partnership, other than an investment
1141 partnership, that does business, owns or leases property or maintains
1142 an office within this state and (B) otherwise carrying on or doing
1143 business in this state shall apportion its net income, including its
1144 distributive share as a partner of such partnership income or loss,
1145 within and without the state under the provisions of this chapter,
1146 except that the numerator and the denominator of its payroll factor,
1147 property factor, and receipts factor shall include its proportionate part,
1148 as a partner, of the numerator and the denominator of such
1149 partnership's payroll factor, property factor and receipts factor,
1150 respectively. For purposes of this section, such partnership shall
1151 compute its apportionment fraction and the numerator and the
1152 denominator of its payroll factor, property factor and receipts factor, as

1153 if it were a company taxable both within and without this state.

1154 (3) Any company that is a general partner in a partnership that does
1155 business, owns or leases property or maintains an office within this
1156 state shall, whether or not it is otherwise carrying on or doing business
1157 in this state, apportion its net income, including its distributive share
1158 as a partner of such partnership income or loss, within and without the
1159 state under the provisions of this chapter, except that the numerator
1160 and the denominator of its payroll factor, property factor and receipts
1161 factor shall include its proportionate part, as a partner, of the
1162 numerator and the denominator of such partnership's payroll factor,
1163 property factor and receipts factor, respectively. For purposes of this
1164 section, such partnership shall compute its apportionment fraction and
1165 the numerator and the denominator of its payroll factor, property
1166 factor and receipts factor, as if it were a company taxable both within
1167 and without this state.

1168 (i) The provisions of this section shall not apply to insurance
1169 companies.

1170 (j) (1) Any financial service company as defined in section 12-218b,
1171 that has net income derived from credit card activities, as defined in
1172 this subsection, shall apportion its net income derived from credit card
1173 activities in the manner provided in this subsection. Income derived by
1174 such taxpayer from sources other than credit card activities shall be
1175 apportioned as provided in this chapter.

1176 (2) The numerator of the apportionment fraction shall consist of the
1177 Connecticut receipts, as described in subdivision (3) of this subsection.
1178 The denominator of the apportionment fraction shall consist of (A) the
1179 total amount of interest and fees or penalties in the nature of interest
1180 from credit card receivables, (B) receipts from fees charged to card
1181 holders, including, but not limited to, annual fees, irrespective of the
1182 billing address of the card holder, (C) net gains from the sale of credit
1183 card receivables, irrespective of the billing address of the card holder,
1184 and (D) all credit card issuer's reimbursement fees, irrespective of the

1185 billing address of the card holder.

1186 (3) For purposes of this subsection, "Connecticut receipts" shall be
1187 determined by adding (A) interest and fees or penalties in the nature of
1188 interest from credit card receivables and receipts from fees charged to
1189 card holders, including, but not limited to, annual fees, where the
1190 billing address of the card holder is in this state and (B) the product of
1191 (i) the sum of net gains from the sale of credit card receivables and all
1192 credit card issuer's reimbursement fees multiplied by (ii) a fraction, the
1193 numerator of which shall be interest and fees or penalties in the nature
1194 of interest from credit card receivables and receipts from fees charged
1195 to card holders, including, but not limited to, annual fees, where the
1196 billing address of the card holder is in this state, and the denominator
1197 of which shall be the total amount of interest and fees or penalties in
1198 the nature of interest from credit card receivables and receipts from
1199 fees charged to card holders, including, but not limited to, annual fees,
1200 irrespective of the billing address of the card holder.

1201 (4) For purposes of this subsection:

1202 (A) "Credit card" means a credit, travel, or entertainment card;

1203 (B) "Receipts" means receipts computed according to the method of
1204 accounting used by the taxpayer in the computation of net income;

1205 (C) "Credit card issuer's reimbursement fee" means the fee that a
1206 taxpayer receives from a merchant's bank because one of the persons
1207 to whom the taxpayer or a related person, as defined in section 12-
1208 218b, has issued a credit card has charged merchandise or services to
1209 the credit card;

1210 (D) "Net income derived from credit card activities" means (i)
1211 interest and fees or penalties in the nature of interest from credit card
1212 receivables and receipts from fees charged to card holders, including,
1213 but not limited to, annual fees, net gains from the sale of credit card
1214 receivables, credit card issuer's reimbursement fees, and credit card
1215 receivables servicing fees received in connection with credit cards

1216 issued by the taxpayer or a related person, as defined in section 12-
1217 218b, less (ii) expenses related to such income, to the extent deductible
1218 under chapter 208;

1219 (E) "Billing address" shall be presumed to be the location indicated
1220 in the books and records of the taxpayer as the address where any
1221 notice, statement or bill relating to a card holder is to be mailed, as of
1222 the date of such mailing; and

1223 (F) "Credit card activities" means those activities involving the
1224 underwriting and approval of credit card relationships or other
1225 business activities generally associated with the conduct of business by
1226 an issuer of credit cards from which it derives income.

1227 (5) The Commissioner of Revenue Services may adopt regulations,
1228 in accordance with chapter 54, to permit a financial service company
1229 that is an owner of a financial asset securitization investment trust, as
1230 defined in Section 860H(a) of the Internal Revenue Code, to elect to
1231 apportion its share of the net income from credit card activities carried
1232 on by such trust, and to provide rules for apportioning such share of
1233 net income that are consistent with this subsection.

1234 (k) (1) For income years commencing on or after January 1, 2001, the
1235 net income of a taxpayer which is primarily engaged in activities that,
1236 in accordance with the North American Industrial Classification
1237 System, United States manual, United States Office of Management
1238 and Budget, 1997 edition, would be included in Sector 31, 32 or 33,
1239 shall be apportioned within and without the state by means of the
1240 apportionment fraction described in subdivision (2) of this subsection
1241 provided, in the income year commencing on January 1, 2001, each
1242 such taxpayer shall not take such apportionment fraction into account
1243 for purposes of instalment payments on estimated tax under section
1244 12-242d for calendar quarters ending prior to July 1, 2001, but shall
1245 make such payments in accordance with the apportionment fraction
1246 applicable to the income year commencing January 1, 2000.

1247 (2) The numerator of the apportionment fraction shall consist of the

1248 taxpayer's gross receipts, as described in subdivision (3) of subsection
1249 (c) of this section, which are assignable to the state, as provided in
1250 subdivision (3) of subsection (c) of this section. The denominator of
1251 the apportionment fraction shall consist of the taxpayer's total gross
1252 receipts, as described in subdivision (3) of subsection (c) of this section,
1253 whether or not assignable to the state.

1254 (3) Any taxpayer which is described in subdivision (1) of this
1255 subsection and seventy-five per cent or more of whose total gross
1256 receipts, as described in subdivision (3) of subsection (c) of this section,
1257 during the income year are from the sale of tangible personal property
1258 directly, or in the case of a subcontractor, indirectly to the United
1259 States government may elect, on or before the due date or, if
1260 applicable, the extended due date, of its corporation business tax
1261 return for the income year, to apportion its net income within and
1262 without the state by means of the apportionment fraction described in
1263 subsection (c) of this section. The election, if made by the taxpayer,
1264 shall be irrevocable for, and applicable for, five successive income
1265 years.

1266 (l) (1) For income years commencing on or after October 1, 2001, any
1267 broadcaster which is taxable both within and without this state shall
1268 apportion its net income derived from the broadcast of video or audio
1269 programming, whether through the public airwaves, by cable, by
1270 direct or indirect satellite transmission or by any other means of
1271 communication, through an over-the-air television or radio network,
1272 through a television or radio station or through a cable network or
1273 cable television system and, if such broadcaster is a cable network, all
1274 net income derived from activities related to or arising out of the
1275 foregoing, including, but not limited to, broadcasting, entertainment,
1276 publishing, whether electronically or in print, electronic commerce and
1277 licensing of intellectual property created in the pursuit of such
1278 activities, by means of the apportionment fraction described in
1279 subdivision (3) of this subsection, and any eligible production entity
1280 which is taxable both within and without this state shall apportion its
1281 net income derived from video or audio programming production

1282 services by means of the apportionment fraction described in
1283 subdivision (4) of this subsection.

1284 (2) For purposes of this subsection:

1285 (A) "Video or audio programming" means any and all
1286 performances, events or productions, including without limitation
1287 news, sporting events, plays, stories and other entertainment, literary,
1288 commercial, educational or artistic works, telecast or otherwise made
1289 available for video or audio exhibition through live transmission or
1290 through the use of video tape, disc or any other type of format or
1291 medium;

1292 (B) A "subscriber" to a cable television system is an individual
1293 residence or other outlet which is the ultimate recipient of the
1294 transmission;

1295 (C) "Telecast" or "broadcast" means the transmission of video or
1296 audio programming by an electronic or other signal conducted by
1297 radiowaves or microwaves, by wires, lines, coaxial cables, wave guides
1298 or fiber optics, by satellite transmissions directly or indirectly to
1299 viewers or listeners or by any other means of communication;

1300 (D) "Eligible production entity" means a corporation which provides
1301 video or audio programming production services and which is
1302 affiliated, within the meaning of Sections 1501 to 1504 of the Internal
1303 Revenue Code and the regulations promulgated thereunder, with a
1304 broadcaster;

1305 (E) "Release" or "in release" means the placing of video or audio
1306 programming into service. A video or audio program is placed into
1307 service when it is first broadcast to the primary audience for which the
1308 program was created. For example, video programming is placed in
1309 service when it is first publicly telecast for entertainment, educational,
1310 commercial, artistic or other purpose. Each episode of a television or
1311 radio series is placed in service when it is first broadcast; and

1312 (F) "Broadcaster" means a corporation that is engaged in the
1313 business of broadcasting video or audio programming, whether
1314 through the public airwaves, by cable, by direct or indirect satellite
1315 transmission or by any other means of communication, through an
1316 over-the-air television or radio network, through a television or radio
1317 station or through a cable network or cable television system, and that
1318 is primarily engaged in activities that, in accordance with the North
1319 American Industry Classification System, United States manual, 1997
1320 edition, are included in industry group 5131 or 5132.

1321 (3) (A) Except as provided in subparagraph (B) of this subdivision
1322 with respect to the determination of the apportionment fraction for net
1323 income derived from the activities referred to in subdivision (1) of
1324 subsection (l) of this section, the numerator of the apportionment
1325 fraction for a broadcaster shall consist of the broadcaster's gross
1326 receipts, as described in subdivision (3) of subsection (c) of this section,
1327 which are assignable to the state, as provided in subdivision (3) of
1328 subsection (c) of this section. Except as provided in subparagraph (C)
1329 of this subdivision with respect to the determination of the
1330 apportionment fraction for the net income derived from the activities
1331 referred to in subdivision (1) of subsection (l) of this section, the
1332 denominator of the apportionment fraction for a broadcaster shall
1333 consist of the broadcaster's total gross receipts, as described in
1334 subdivision (3) of subsection (c) of this section, whether or not
1335 assignable to the state.

1336 (B) The numerator of the apportionment fraction for a broadcaster
1337 shall include the gross receipts of the taxpayer from sources within this
1338 state determined as follows:

1339 (i) Gross receipts, including without limitation, advertising revenue,
1340 affiliate fees and subscriber fees, received by a broadcaster from video
1341 or audio programming in release to or by a broadcaster for telecast
1342 which is attributed to this state.

1343 (ii) Gross receipts, including without limitation, advertising

1344 revenue, received by an over-the-air television or radio network or a
1345 television or radio station from video or audio programming in release
1346 to or by such network or station for telecast shall be attributed to this
1347 state in the same ratio that the audience for such over-the-air network
1348 or station located in this state bears to the total audience for such over-
1349 the-air network or station inside and outside of the United States. For
1350 purposes of this subparagraph, the audience shall be determined either
1351 by reference to the books and records of the taxpayer or by reference to
1352 the applicable year's published rating statistics, provided the method
1353 used by the taxpayer is consistently used from year to year for such
1354 purpose and fairly represents the taxpayer's activity in the state.

1355 (iii) Gross receipts including, without limitation, advertising
1356 revenue, affiliate fees and subscriber fees, received by a cable network
1357 or a cable television system from video or audio programming in
1358 release to or by such cable network or cable television system for
1359 telecast and other receipts that are derived from the activities referred
1360 to in subdivision (1) of subsection (l) of this section shall be attributed
1361 to this state in the same ratio that the subscribers for such cable
1362 network or cable television system located in this state bears to the
1363 total of such subscribers of such cable network or cable television
1364 system inside and outside of the United States. For purpose of this
1365 subparagraph, the number of subscribers of a cable network shall be
1366 measured by reference to the number of subscribers of cable television
1367 systems that are affiliated with such network and that receive video or
1368 audio programming of such network. For purposes of this
1369 subparagraph, the number of subscribers of a cable television system
1370 shall be determined either by reference to the books and records of the
1371 taxpayer or by reference to the applicable year's published rating
1372 statistics located in published surveys, provided the method used by
1373 the taxpayer is consistently used from year to year for such purpose
1374 and fairly represents the taxpayer's activities in the state.

1375 (C) The denominator of the apportionment fraction of a broadcaster
1376 shall include gross receipts of the broadcaster that are derived from the
1377 activities referred to in subdivision (1) of subsection (l) of this section,

1378 whether or not assignable to the state.

1379 (4) (A) Except as provided in subparagraph (B) of this subdivision,
1380 with respect to the determination of the apportionment fraction for net
1381 income derived from video or audio programming production
1382 services, the numerator of the apportionment fraction for an eligible
1383 production entity shall consist of the eligible production entity's gross
1384 receipts, as described in subdivision (3) of subsection (c) of this section,
1385 which are assignable to the state, as provided in subdivision (3) of
1386 subsection (c) of this section. Except as provided in subparagraph (C)
1387 of this subdivision, with respect to the determination of the
1388 apportionment fraction for net income derived from video or audio
1389 programming production services, the denominator of the
1390 apportionment fraction for an eligible production entity shall consist of
1391 the eligible production entity's total gross receipts, as described in
1392 subdivision (3) of subsection (c) of this section, whether or not
1393 assignable to the state.

1394 (B) The numerator of the apportionment fraction for an eligible
1395 production entity shall include gross receipts of the entity that are
1396 derived from video or audio programming production services
1397 relating to events which occur within this state.

1398 (C) The denominator of the apportionment fraction for an eligible
1399 production entity shall include gross receipts of the entity that are
1400 derived from video or audio programming production services
1401 relating to events which occur within or without this state.

1402 Sec. 26. Section 12-217u of the general statutes is amended by
1403 adding subsection (n) as follows:

1404 (NEW) (n) (1) No taxpayer which has received financial assistance
1405 from the state under section 29 of this act may claim the credit under
1406 subsection (b) of this section. The total amount of credit allowed under
1407 subsection (f) of this section to such a taxpayer shall not exceed, in the
1408 aggregate, twenty-five million dollars.

1409 (2) Notwithstanding the provisions of subsection (c) of this section,
1410 for purposes of any credit allowed under subsection (f) of this section
1411 to a taxpayer which has received financial assistance under section 29
1412 of this act, the initial qualified year shall be the income year in which
1413 the Commissioner of Economic and Community Development
1414 executes an agreement with such financial institution to provide
1415 financial assistance pursuant to section 29 of this act.

1416 (3) For purposes of determining the number and specification of
1417 qualified employees under subsection (d) of this section, and the
1418 number and specification of new employees under section 12-217e,
1419 with respect to any taxpayer which has received financial assistance
1420 under section 29 of this act, the dates, numbers and specifications shall
1421 be the dates, numbers and specifications provided in an agreement
1422 executed by the Commissioner of Economic and Community
1423 Development with such financial institution to provide financial
1424 assistance pursuant to section 29 of this act. In no event shall the
1425 definition of qualified employee be more favorable to the employer
1426 than the definition provided in this section.

1427 Sec. 27. Subparagraph (b) of subdivision (59) of section 12-81 of the
1428 general statutes is repealed and the following is substituted in lieu
1429 thereof:

1430 (b) Any service facility, as defined in section 32-9p, acquired,
1431 constructed, substantially renovated or expanded on or after July 1,
1432 1996, and for which an eligibility certificate has been issued by the
1433 Department of Economic and Community Development, as follows: (i)
1434 In the case of an investment of twenty million dollars or more but not
1435 more than thirty-nine million dollars in the service facility, to the
1436 extent of forty per cent of its valuation for purposes of assessment in
1437 each of the five full assessment years following the assessment year in
1438 which the acquisition, construction, renovation or expansion of the
1439 service facility is completed; (ii) in the case of an investment of more
1440 than thirty-nine million dollars but not more than fifty-nine million
1441 dollars in the service facility, to the extent of fifty per cent of its

1442 valuation for purposes of assessment in each of the five full assessment
1443 years following the assessment year in which the acquisition,
1444 construction, renovation or expansion of the service facility is
1445 completed; (iii) in the case of an investment of more than fifty-nine
1446 million dollars but not more than seventy-nine million dollars in the
1447 service facility, to the extent of sixty per cent of its valuation for
1448 purposes of assessment in each of the five full assessment years
1449 following the assessment year in which the acquisition, construction,
1450 renovation or expansion of the service facility is completed; (iv) in the
1451 case of an investment of more than seventy-nine million dollars but
1452 not more than ninety million dollars in the service facility, to the extent
1453 of seventy per cent of its valuation for purposes of assessment in each
1454 of the five full assessment years following the assessment year in
1455 which the acquisition, construction, renovation or expansion of the
1456 service facility is completed; or (v) in the case of an investment of more
1457 than ninety million dollars in the service facility, to the extent of eighty
1458 per cent of its valuation for purposes of assessment in each of the five
1459 full assessment years following the assessment year in which the
1460 acquisition, construction, renovation or expansion of the service
1461 facility is completed, except that any financial institution, as defined in
1462 section 12-217u, having at least four thousand qualified employees, as
1463 determined in accordance with an agreement pursuant to subdivision
1464 (3) of section 26 of this act, shall be eligible to have the assessment
1465 period extended for five additional years upon approval of the
1466 commissioner, in accordance with all applicable regulations, provided
1467 such full-time employees have not been relocated from another facility
1468 in the state operated by the same eligible applicant. In no event shall
1469 the definition of qualified employee be more favorable to the employer
1470 than the definition provided in section 12-217u.

1471 Sec. 28. Subparagraph (b) of subdivision (60) of section 12-81 of the
1472 general statutes is repealed and the following is substituted in lieu
1473 thereof:

1474 (b) (1) Machinery and equipment which represents an addition to
1475 the assessment or grand list of the municipality in which this

1476 exemption is claimed and is installed in any service facility, as defined
1477 in section 32-9p, which facility is or has been constructed, or
1478 substantially renovated or expanded on or after July 1, 1996, and for
1479 which an eligibility certificate has been issued by the Department of
1480 Economic and Community Development, concurrently with and
1481 directly attributable to such construction, renovation or expansion, (2)
1482 machinery and equipment which represents an addition to the
1483 assessment or grand list of the municipality in which this exemption is
1484 claimed and is installed, or machinery and equipment existing, in any
1485 service facility, as defined in section 32-9p, which facility is or has been
1486 acquired on or after July 1, 1996, and for which an eligibility certificate
1487 has been issued by the department, and (3) machinery and equipment
1488 acquired and installed on or after July 1, 1996, in a service facility that
1489 is or has at one time been certified as eligible for the exemption under
1490 this subparagraph in accordance with section 32-9r and which
1491 continues to be used for service purposes, provided such machinery
1492 and equipment is installed in conjunction with an expansion program
1493 that satisfies the requirements for a service facility, as defined in
1494 section 32-9p, and is contiguous to and represents an increase in
1495 square feet of floor space of not less than fifty per cent of the floor
1496 space in the certified service facility, as follows: (i) In the case of an
1497 investment of twenty million dollars or more but not more than thirty-
1498 nine million dollars in the service facility, to the extent of forty per cent
1499 of its valuation for purposes of assessment in each of the five full
1500 assessment years for which the service facility in which it is installed
1501 qualifies for an exemption under subdivision (59) of this section; (ii) in
1502 the case of an investment of more than thirty-nine million dollars but
1503 not more than fifty-nine million dollars in the service facility, to the
1504 extent of fifty per cent of its valuation for purposes of assessment in
1505 each of the five full assessment years for which the service facility in
1506 which it is installed qualifies for an exemption under subdivision (59)
1507 of this section; (iii) in the case of an investment of more than fifty-nine
1508 million dollars but not more than seventy-nine million dollars in the
1509 service facility, to the extent of sixty per cent of its valuation for
1510 purposes of assessment in each of the five full assessment years for

1511 which the service facility in which it is installed qualifies for an
1512 exemption under subdivision (59) of this section; (iv) in the case of an
1513 investment of more than seventy-nine million dollars but not more
1514 than ninety million dollars in the service facility, to the extent of
1515 seventy per cent of its valuation for purposes of assessment in each of
1516 the five full assessment years for which the service facility in which it
1517 is installed qualifies for an exemption under subdivision (59) of this
1518 section; or (v) in the case of an investment of more than ninety million
1519 dollars in the service facility, to the extent of eighty per cent of its
1520 valuation for purposes of assessment in each of the five full assessment
1521 years for which the service facility in which it is installed qualifies for
1522 an exemption under subdivision (59) of this section, except that any
1523 financial institution, as defined in section 12-217u, having at least four
1524 thousand qualified employees, as determined in accordance with an
1525 agreement pursuant to subdivision (3) of section 26 of this act, shall be
1526 eligible to have the assessment period extended for five additional
1527 years upon approval of the commissioner, in accordance with all
1528 applicable regulations, provided such full-time employees have not
1529 been relocated from another facility in the state operated by the same
1530 eligible applicant. In no event shall the definition of qualified
1531 employee be more favorable to the employer than the definition
1532 provided in section 12-217u.

1533 Sec. 29. (NEW) In furtherance of the economic development of the
1534 state, the Department of Economic and Community Development may
1535 provide financial assistance under sections 32-220 to 32-235, inclusive,
1536 of the general statutes to a financial institution, as defined in section
1537 12-217u of the general statutes, as amended by this act, which has not
1538 less than two thousand qualified employees, determined in accordance
1539 with subsections (d) and (e) of said section 12-217u, at a facility or
1540 facilities located in a municipality in this state with a population
1541 greater than one hundred thousand. The provisions of section 32-462
1542 of the general statutes shall not apply to such assistance.

1543 Sec. 30. Subsection (b) of section 38a-88a of the general statutes is
1544 repealed and the following is substituted in lieu thereof:

1545 (b) [The] On or before July 1, 2000, the commissioner shall register
1546 managers of funds created for the purpose of investing in insurance
1547 businesses. Any manager registered under this subsection shall have
1548 its primary place of business in this state. Each applicant shall submit
1549 an application under oath to the commissioner to be registered and
1550 shall furnish evidence satisfactory to the commissioner of its financial
1551 responsibility, integrity, and professional competence to manage
1552 investments. Failure to maintain adequate fiduciary standards shall
1553 constitute cause for the commissioner to revoke, after hearing, any
1554 registration granted under this section. The fund manager shall make a
1555 report on or before the first day of March in each year, under oath, to
1556 the Commissioner of Revenue Services specifying the name, address
1557 and Social Security number or employer identification number of each
1558 investor, the year during which each investment was made by each
1559 investor, the amount of each investment and a description of the fund's
1560 investment objectives and relative performance.

1561 Sec. 31. Subsection (j) of section 38a-88a of the general statutes is
1562 repealed and the following is substituted in lieu thereof:

1563 (j) The tax credit allowed by this section shall only be available for
1564 investments in funds that are not open to additional investments or
1565 investors beyond the amount subscribed at the formation of the fund.
1566 No credits shall be allowed under this section for investments in any
1567 fund created on or after July 1, 2000.

1568 Sec. 32. Subsection (h) of section 51-81b of the general statutes is
1569 repealed and the following is substituted in lieu thereof:

1570 (h) No person shall be liable for payment of the occupational tax
1571 under this section solely by virtue of such person having engaged in
1572 the practice of law while acting as an employee of the state, any
1573 political subdivision of the state or any probate court.

1574 Sec. 33. Subsection (b) of section 46b-121 of the general statutes is
1575 repealed and the following is substituted in lieu thereof:

1576 (b) In juvenile matters, the Superior Court shall have authority to
1577 make and enforce such orders directed to parents, including any
1578 person who acknowledges before said court paternity of a child born
1579 out of wedlock, guardians, custodians or other adult persons owing
1580 some legal duty to a child or youth therein, as it deems necessary or
1581 appropriate to secure the welfare, protection, proper care and suitable
1582 support of a child or youth subject to its jurisdiction or otherwise
1583 committed to or in the custody of the Commissioner of Children and
1584 Families. In addition, with respect to proceedings concerning
1585 delinquent children, the Superior Court shall have authority to make
1586 and enforce such orders as it deems necessary or appropriate to punish
1587 the child, deter the child from the commission of further delinquent
1588 acts, assure that the safety of any other person will not be endangered
1589 and provide restitution to any victim. Said court shall also have
1590 authority to grant and enforce injunctive relief, temporary or
1591 permanent in all proceedings concerning juvenile matters. If any order
1592 for the payment of money is issued by said court, including any order
1593 assessing costs issued under section 46b-134 or 46b-136, the collection
1594 of such money shall be made by said court, except orders for support
1595 of children committed to any state agency or department, which orders
1596 shall be made payable to and collected by the Department of
1597 Administrative Services. Where the court after due diligence is unable
1598 to collect such moneys within six months, it shall refer such case to the
1599 Department of Administrative Services for collection as a delinquent
1600 account. In juvenile matters, the court shall have authority to make and
1601 enforce orders directed to persons liable hereunder on petition of said
1602 Department of Administrative Services made to said court in the same
1603 manner as is provided in section 17b-745, in accordance with the
1604 provisions of section 17b-81, 17b-223, subsection (b) of section 17b-179,
1605 section 17a-90, 46b-129 or 46b-130, and all of the provisions of section
1606 17b-745 shall be applicable to such proceedings. Any judge hearing a
1607 juvenile matter may make any other order in connection therewith
1608 within his authority to grant as a judge of the Superior Court and such
1609 order shall have the same force and effect as any other order of the
1610 Superior Court. In the enforcement of its orders, in connection with

1611 any juvenile matter, the court may issue process for the arrest of any
1612 person, compel attendance of witnesses and punish for contempt by a
1613 fine not exceeding one hundred dollars or imprisonment not exceeding
1614 six months. [Following an adjudication by the court, a fee of two
1615 hundred dollars shall be assessed by the court against the parents,
1616 guardian or custodian of any child or youth whenever the services of
1617 the probation staff for juvenile matters is required.]

1618 Sec. 34. Subsection (b) of section 51-81d of the general statutes is
1619 repealed and the following is substituted in lieu thereof:

1620 (b) The Commissioner of Revenue Services, or the commissioner's
1621 designee, shall collect any fee established pursuant to subsection (a) of
1622 this section, record such payments with the State Comptroller and
1623 deposit such payments promptly with the State Treasurer, who shall
1624 credit such payments to the Client Security Fund. The Treasurer shall
1625 maintain the Client Security Fund separate and apart from all other
1626 moneys, funds and accounts and shall credit any interest earned from
1627 the Client Security Fund to the fund. Any interest earned from the
1628 fund during the period from its inception to the effective date of this
1629 act shall be retroactively credited to the fund.

1630 Sec. 35. (NEW) (a) A tax is imposed on snuff tobacco products held
1631 in this state by any person, said tax to be imposed as follows: Forty
1632 cents per ounce of snuff and a proportionate tax at the like rate on all
1633 fractional parts of an ounce of snuff.

1634 (b) Said tax shall be imposed on the distributor or the unclassified
1635 importer at the time the snuff tobacco product is manufactured,
1636 purchased, imported, received or acquired in this state.

1637 (c) Said tax shall not be imposed on any snuff tobacco products
1638 which (1) are exported from the state, or (2) are not subject to taxation
1639 by this state pursuant to any laws of the United States.

1640 (d) For purposes of subsection (a) of this section, the tax on snuff
1641 shall be computed on the net weight as listed by the manufacturer.

1642 Sec. 36. Section 12-330a of the general statutes is repealed and the
1643 following is substituted in lieu thereof:

1644 As used in this chapter: "Commissioner" means the Commissioner
1645 of Revenue Services; "tobacco products" means cigars, cheroots,
1646 stogies, periques, granulated, plug cut, crimp cut, ready rubbed and
1647 other smoking tobacco, [snuff, snuff flour,] cavendish, plug and twist
1648 tobacco, fine cut and other chewing tobaccos, shorts, refuse scraps,
1649 clippings, cuttings and sweepings of tobacco and all other kinds and
1650 forms of tobacco, prepared in such manner as to be suitable for
1651 chewing or smoking in a pipe or otherwise or for both chewing and
1652 smoking, but shall not include any cigarette, as defined in section 12-
1653 285; "distributor" means (1) any person in this state engaged in the
1654 business of manufacturing tobacco products, (2) any person who
1655 purchases tobacco products at wholesale from manufacturers or other
1656 distributors for sale, or (3) any person who imports into this state
1657 tobacco products, at least seventy-five per cent of which are to be sold;
1658 "unclassified importer" means any person, other than a distributor,
1659 who imports, receives or acquires tobacco products from outside this
1660 state for use or consumption in this state; "sale" or "sell" includes or
1661 applies to gifts, exchanges and barter; "wholesale sales price" means, in
1662 the case of a manufacturer of tobacco products, the price set for such
1663 products or, if no price has been set, the wholesale value of such
1664 products, and, in the case of a distributor who is not a manufacturer of
1665 tobacco products, the price at which the distributor purchased such
1666 products, and, in the case of an unclassified importer of tobacco
1667 products, the price at which the unclassified importer purchased such
1668 products.

1669 Sec. 37. Section 12-460a of the general statutes, as amended by
1670 section 55 of public act 99-173 and section 13 of public act 99-1 of the
1671 June special session, is repealed and the following is substituted in lieu
1672 thereof:

1673 Notwithstanding the provisions of section 13b-61, the
1674 Commissioner of Revenue Services shall deposit into the Conservation

1675 Fund established under section 22a-27h [two] three million dollars of
1676 the amount of the funds received by the state from the tax imposed
1677 under this chapter attributable to sales of fuel from distributors to any
1678 boat yard, public or private marina or other entity renting or leasing
1679 slips, dry storage, mooring or other space for marine vessels provided
1680 two hundred fifty thousand dollars shall be credited to the boating
1681 account and [one] two million fifty thousand dollars shall be credited
1682 to the fisheries account. Amounts in the fisheries account shall be
1683 allocated as follows: Not less than seventy-five thousand dollars shall
1684 be allocated to The University of Connecticut for the Long Island
1685 Sound Councils, not less than seventy-five thousand dollars shall be
1686 allocated to the Department of Economic and Community
1687 Development for an economic impact study of the lobster industry in
1688 Long Island Sound and not less than eight hundred fifty thousand
1689 dollars shall be allocated to the Department of Environmental
1690 Protection for use as an additional expenditure, in excess of any other
1691 state or federal funds made available, for enhancement of recreational
1692 fishing in accordance with an allocation which shall be submitted, on
1693 or before October 1, 2000, to the joint standing committee of the
1694 General Assembly having cognizance of matters relating to the
1695 environment. No administrative expenses of said department may be
1696 paid out of funds in the fisheries account.

1697 Sec. 38. (NEW) (a) As used in this section:

1698 (1) "Commissioner" means the Commissioner of Economic and
1699 Community Development.

1700 (2) "Eligible industrial site investment project" means an investment
1701 made in real property, or in improvements to real property, located
1702 within this state: (A) (i) That has been subject to a "spill", as defined in
1703 section 22a-452c of the general statutes, (ii) is an "establishment", as
1704 defined in subdivision (3) of section 22a-134 of the general statutes, as
1705 amended, or (iii) is a "facility", as defined in 42 USC 9601(9); (B) that, if
1706 remediated, renovated or demolished in accordance with applicable
1707 law and regulations and the standards of remediation of the

1708 Department of Environmental Protection and used for business
1709 purposes, will add significant new economic activity and employment
1710 in the municipality in which the investment is to be made, and will
1711 generate additional tax revenues to the state; (C) for which the use of
1712 the urban and industrial site reinvestment program will be necessary
1713 to attract private investment to the project; (D) the business use of
1714 which would be economically viable and would generate direct and
1715 indirect economic benefits to the state that exceed the amount of the
1716 investment during the period for which the tax credits granted
1717 pursuant to this act are granted; and (E) that is, in the judgment of the
1718 commissioner, consistent with the strategic economic development
1719 priorities of the state and the municipality.

1720 (3) "Eligible urban reinvestment project" means an investment: (A)
1721 That would add significant new economic activity and new jobs in a
1722 new facility in the eligible municipality in which the investment is to
1723 be made, and will generate significant additional tax revenues to the
1724 state or the municipality; (B) for which the use of the urban and
1725 industrial site reinvestment program will be necessary to attract
1726 private investment to an eligible municipality; (C) that is economically
1727 viable; (D) for which the direct and indirect economic benefits to the
1728 state outweigh the costs of the investment; and (E) that is, in the
1729 judgment of the commissioner, consistent with the strategic economic
1730 development priorities of the state and the municipality.

1731 (4) "Related person" means: (A) A corporation, limited liability
1732 company, partnership, association or trust controlled by the taxpayer;
1733 (B) an individual, corporation, limited liability company, partnership,
1734 association or trust that is in control of the taxpayer; (C) a corporation,
1735 limited liability company, partnership, association or trust controlled
1736 by an individual, corporation, limited liability company, partnership,
1737 association or trust that is in control of the taxpayer; or (D) a member
1738 of the same controlled group as the taxpayer. For purposes of this
1739 section, "control", with respect to a corporation, means ownership,
1740 directly or indirectly, of stock possessing fifty per cent or more of the
1741 total combined voting power of all classes of the stock of such

1742 corporation entitled to vote. "Control", with respect to a trust, means
1743 ownership, directly or indirectly, of fifty per cent or more of the
1744 beneficial interest in the principal or income of such trust. The
1745 ownership of stock in a corporation, of a capital or profits interest in a
1746 partnership or association or of a beneficial interest in a trust shall be
1747 determined in accordance with the rules for constructive ownership of
1748 stock provided in Section 267(c) of the Internal Revenue Code of 1986,
1749 or any subsequent corresponding internal revenue code of the United
1750 States, as from time to time amended, other than paragraph (3) of such
1751 section.

1752 (5) "Investment" means all amounts invested in a project, whether
1753 directly or through a fund, directly or indirectly, on behalf of a
1754 taxpayer, including, but not limited to, (A) direct investments made by
1755 the taxpayer, and (B) loans made to the fund for the benefit of the
1756 taxpayer which loans are guaranteed by a taxpayer.

1757 (6) "Income year" means (A) with respect to entities subject to
1758 taxation under chapters 207 to 212a, of the general statutes, the income
1759 year as determined under each of said chapters, as the case may be.

1760 (7) "Taxpayer" means any person, as defined in section 12-1 of the
1761 general statutes, whether or not subject to any taxes levied by this
1762 state.

1763 (8) "Fund manager" means a fund manager registered in accordance
1764 with subsection (d) of this section.

1765 (9) "New job" means a job that did not exist in the business of a
1766 subject business in this state prior to the subject business' application
1767 to the commissioner for an eligibility certificate under this section for a
1768 new facility and that is filled by a new employee, but does not mean a
1769 job created when an employee is shifted from an existing location of
1770 the subject business in this state to a new facility.

1771 (10) "New employee" means a person hired by a subject business to
1772 fill a position for a new job or a person shifted from an existing

1773 location of the subject business outside this state to a new facility in
1774 this state, provided (A) in no case shall the total number of new
1775 employees allowed for purposes of this credit exceed the total increase
1776 in the taxpayer's employment in this state, which increase shall be the
1777 difference between (i) the number of employees employed by the
1778 subject business in this state at the time of application for an eligibility
1779 certificate to the commissioner plus the number of new employees
1780 who would be eligible for inclusion under the credit allowed under
1781 this section without regard to this calculation, and (ii) the highest
1782 number of employees employed by the subject business in this state in
1783 the year preceding the subject business' application for an eligibility
1784 certificate to the commissioner, and (B) a person shall be deemed to be
1785 a "new employee" only if such person's duties in connection with the
1786 operation of the facility are on a regular, full-time, or equivalent
1787 thereof, and permanent basis.

1788 (11) "New facility" means a facility which (A) is acquired by, leased
1789 to, or constructed by, a subject business on or after the date of the
1790 subject business' application to the commissioner for an eligibility
1791 certificate under this section, unless, upon application of the subject
1792 business and upon good and sufficient cause shown, the commissioner
1793 waives the requirement that such activity take place after the
1794 application, and (B) was not in service or use during the one-year
1795 period immediately prior to the date of the subject business'
1796 application to the commissioner for an eligibility certificate under this
1797 section, unless upon application of the subject business and upon good
1798 and sufficient cause shown, the commissioner consents to waiving the
1799 one-year period.

1800 (12) "Eligible municipality" means (A) a municipality with an area
1801 designated as an enterprise zone pursuant to section 32-70 of the
1802 general statutes, (B) a distressed municipality, as defined in subsection
1803 (b) of section 32-9p of the general statutes, or (C) a municipality that
1804 has a population in excess of one hundred thousand.

1805 (13) "Eligible project" means an eligible urban reinvestment project

1806 or an eligible industrial site investment project or both.

1807 (14) "Approved investment" means an investment approved by the
1808 commissioner under subsection (f) of this section.

1809 (15) "Recapture amount" means the amount by which the approved
1810 investment exceeds the amount of state revenue generated by the
1811 approved investment.

1812 (16) "Pro rata share" means the percentage the amount invested by
1813 an individual investor in an approved investment bears to the total
1814 amount of the approved investment actually invested in the project, or
1815 in the case of a taxpayer to whom credits are transferred under this
1816 section, the percentage of the amount of credits transferred bears to the
1817 total amount of the approved investment actually invested in the
1818 project.

1819 (b) There is established an urban and industrial site reinvestment
1820 program under which taxpayers who invest in eligible urban
1821 reinvestment projects or eligible industrial site investment projects
1822 may be allowed a credit against the tax imposed under chapter 207 to
1823 212a, inclusive, the general statutes or section 38a-743 of the general
1824 statutes, or a combination of said taxes, in an amount equal to the
1825 percentage of their investment determined in accordance with
1826 subsection (i) of this section.

1827 (c) No project shall be deemed an eligible project unless such project
1828 shall, in the judgment of the commissioner, be of sufficient size, by
1829 itself or in conjunction with related new investments, to generate a
1830 substantial return to the state economy.

1831 (d) (1) The commissioner may register managers of funds created
1832 for the purpose of investing in eligible urban reinvestment projects and
1833 eligible industrial site investment projects. Any manager registered
1834 under this subsection shall have its primary place of business in this
1835 state. Each applicant shall submit an application under oath to the
1836 commissioner to be registered and shall furnish evidence satisfactory

1837 to the commissioner of its financial responsibility, integrity,
1838 professional competence and experience in managing investment
1839 funds. Failure to maintain adequate fiduciary standards with respect
1840 to investments made under this section shall constitute cause for the
1841 commissioner to revoke, after hearing, any registration granted under
1842 this section or section 38a-88a of the general statutes. The fund
1843 manager shall make a report on or before the first day of March in each
1844 year, under oath, to the Commissioner of Economic and Community
1845 Development and the Commissioner of Revenue Services specifying
1846 the name, address and Social Security number or employer
1847 identification number of each investor, the year during which each
1848 investment was made by each investor, the amount of each
1849 investment, a description of the fund's investment objectives and
1850 relative performance and a description, including amounts, of all fees
1851 received by such manager in relation to each such fund.

1852 (2) Any manager of funds registered on or before the effective date
1853 of this section pursuant to section 38a-88a of the general statutes shall
1854 be deemed registered for all purposes under the provisions of this
1855 section upon submission, in writing, to the commissioner of such
1856 manager's intention to act as a manager of funds under this section.
1857 The commissioner may request from any such manager such
1858 information as the commissioner may require relating to such
1859 manager's financial responsibility, integrity, professional competence
1860 and experience in managing investment funds.

1861 (e) Any taxpayer or fund manager wishing to make an investment
1862 under the provisions of this section shall apply to the commissioner in
1863 accordance with the provisions of this section. The application shall
1864 contain sufficient information to establish that the investment is an
1865 eligible industrial site investment project or an urban reinvestment
1866 project, as appropriate, and information concerning the type of
1867 investment proposed to be made, its location, the number of jobs to be
1868 created or retained, physical infrastructure that might be created or
1869 preserved, feasibility studies or business plans for the investment,
1870 projected revenue the state might derive as a result of the investment

1871 and other information necessary to demonstrate the financial viability
1872 of the investment and to demonstrate that the investment will provide
1873 net benefits to the economy of, and employment for citizens of, the
1874 municipality and the state. In the case of an eligible industrial site
1875 investment project, how such project will meet the standards of
1876 remediation of the Department of Environmental Protection The
1877 commissioner shall impose a fee for such application as the
1878 commissioner deems appropriate.

1879 (f) (1) The commissioner shall determine whether the proposed
1880 investment is an eligible urban reinvestment project or an eligible
1881 industrial site investment project, whether the investment is
1882 economically viable only with use of the urban and industrial site
1883 reinvestment program, the effects of the project on the municipality
1884 where the investment will be made, and whether the project would
1885 provide a net benefit to economic development and employment
1886 opportunities in the state and whether the project will conform to the
1887 state plan of conservation and development. The commissioner may
1888 require the taxpayer to submit such additional information as may be
1889 necessary to evaluate the application.

1890 (2) The commissioner shall prepare a revenue impact assessment
1891 that estimates the state and local revenue that would be generated as a
1892 result of the investment. The commissioner shall prepare an economic
1893 feasibility study relative to such investment. The commissioner may
1894 retain any such persons as the commissioner deems appropriate to
1895 conduct such revenue impact assessment or economic feasibility study.

1896 (g) (1) The commissioner, upon consideration of the application, the
1897 revenue impact assessment and any additional information that the
1898 commissioner requires concerning a proposed investment, may
1899 approve an investment if the commissioner concludes that the
1900 investment is an eligible urban reinvestment project or an eligible
1901 industrial site investment project. If the commissioner rejects an
1902 application, the commissioner shall specifically identify the defects in
1903 the application and specifically explain the reasons for the rejection.

1904 The commissioner shall render a decision on an application not later
1905 than ninety days from its receipt. The amount of the investment so
1906 approved shall not exceed the amount of state revenue that will be
1907 generated according to the revenue impact assessment prepared under
1908 this subsection.

1909 (2) The approval of an investment by the commissioner may be
1910 combined with the exercise of any of the commissioner's other powers,
1911 including, but not limited to, the provision of other forms of financial
1912 assistance.

1913 (3) The commissioner shall require the applicant to reimburse the
1914 commissioner for all or any part of the cost of any revenue impact
1915 assessment or economic feasibility study used in reviewing the
1916 application.

1917 (h) Upon approving an investment, the commissioner shall issue a
1918 certificate of eligibility certifying that the applicant has complied with
1919 the provisions of this section.

1920 (i) (1) There shall be allowed as a credit against the tax imposed
1921 under chapters 207 to 212a, inclusive, of the general statutes or section
1922 38a-743 of the general statutes an amount equal to the following
1923 percentage of the moneys of the taxpayer invested in an eligible urban
1924 investment or eligible industrial site investment approved by the
1925 commissioner with respect to the following income years of the
1926 taxpayer: (A) With respect to the income year in which the investment
1927 in the eligible urban reinvestment project or eligible industrial site
1928 investment project was made and the two next succeeding income
1929 years, zero per cent; (B) with respect to the third full income year
1930 succeeding the year in which the investment in the eligible urban
1931 reinvestment project or eligible industrial site investment project was
1932 made and the three next succeeding income years, ten per cent; (C)
1933 with respect to the seventh full income year succeeding the year in
1934 which the investment in the eligible urban reinvestment project or
1935 eligible industrial site investment project was made and the next two

1936 succeeding years, twenty per cent. The sum of all tax credits granted
1937 pursuant to the provisions of this section shall not exceed one hundred
1938 million dollars with respect to a single eligible urban reinvestment
1939 project or a single eligible industrial site investment project approved
1940 by the commissioner. The sum of all tax credits granted pursuant to
1941 the provisions of this section shall not exceed five hundred million
1942 dollars.

1943 (2) Notwithstanding the provisions of subdivision (1) of this
1944 subsection, any applicant may, at the time of application, apply to the
1945 commissioner for a credit that exceeds the limitations established by
1946 this subsection. The commissioner shall evaluate the benefits of such
1947 application and make recommendations to the General Assembly
1948 relating to changes in the general statutes which would be necessary to
1949 effect such application if the commissioner determines that the
1950 proposal would be of economic benefit to the state.

1951 (j) The credits allowed by this section may be claimed by a taxpayer
1952 who has made an investment (1) directly only if such investment has a
1953 total asset value of not less than twenty million dollars; or (2) through
1954 a fund managed by a fund manager registered under this section only
1955 if such fund: (A) Has a total asset value of not less than sixty million
1956 dollars for the income year for which the initial credit is taken; and (B)
1957 has not less than three investors who are not related persons with
1958 respect to each other or to any person in which any investment is made
1959 other than through the fund at the date the investment is made.

1960 (k) Each taxpayer claiming the credit allowed under this section
1961 shall submit to the Commissioner of Revenue Services a copy of the
1962 eligibility certificate issued under subsection (h) of this section with its
1963 tax return for each taxable year for which a credit is claimed.

1964 (l) The tax credit allowed by this section, when made through a
1965 fund, shall only be available for investments in funds that are not open
1966 to additional investments or investors beyond the amount subscribed
1967 at the formation of the fund.

1968 (m) (1) The Commissioner of Revenue Services may treat one or
1969 more corporations that are properly included in a combined
1970 corporation business tax return under section 12-223a of the general
1971 statutes as one taxpayer in determining whether the appropriate
1972 requirements under this section are met. Where corporations are
1973 treated as one taxpayer for purposes of this subsection, then the credit
1974 shall be allowed only against the amount of the combined tax for all
1975 corporations properly included in a combined return that, under the
1976 provisions of subdivision (2) of this subsection, is attributable to the
1977 corporations treated as one taxpayer.

1978 (2) The amount of the combined tax for all corporations properly
1979 included in a combined corporation business tax return that is
1980 attributable to the corporations that are treated as one taxpayer under
1981 the provisions of this subsection shall be in the same ratio to such
1982 combined tax that the net income apportioned to this state of each
1983 corporation treated as one taxpayer bears to the net income
1984 apportioned to this state, in the aggregate, of all corporations included
1985 in such combined return. Solely for the purposes of computing such
1986 ratio, any net loss apportioned to this state by a corporation treated as
1987 one taxpayer or by a corporation included in such combined return
1988 shall be disregarded.

1989 (n) Any taxpayer allowed a credit under this section may assign
1990 such credit to another taxpayer, provided such other taxpayer may
1991 claim such credit only with respect to a taxable year for which the
1992 assigning taxpayer would have been eligible to claim such credit and
1993 such other taxpayer may not further assign such credit. The taxpayer
1994 allowed such credit or the fund manager shall file with the
1995 Commissioner of Revenue Services information requested by the
1996 commissioner regarding such assignments, including, but not limited
1997 to, the current holders of credits as of the end of the preceding
1998 calendar year.

1999 (o) No taxpayer shall be eligible for a credit under (1) this section,
2000 and (2) section 12-217e or 38a-88a of the general statutes, for the same

2001 investment. No two taxpayers shall be eligible for any tax credit with
2002 respect to the same investment, employee or facility.

2003 (p) Any credit not used in the income year for which it was allowed
2004 may be carried forward for the five immediately succeeding income
2005 years until the full credit has been allowed.

2006 (q) Any tax credits approved under this section that would
2007 constitute in excess of twenty million dollars in total for a single
2008 investment shall be submitted by the Commissioner of Economic and
2009 Community Development to the joint standing committee of the
2010 General Assembly having cognizance of matters relating to finance
2011 prior to the issuance of a certificate of eligibility for such investment.
2012 Said commissioner shall make a recommendation to the president pro
2013 tempore of the Senate and to the speaker of the House of
2014 Representatives regarding approval or disapproval of such project not
2015 later than thirty days after receiving such submission. If such
2016 submission is not disapproved by the House of Representatives or the
2017 Senate, or both, within sixty days of the submission date, the
2018 commissioner may issue such certificate.

2019 (r) Not later than July first in each year that credits allowed by this
2020 section are claimed by a taxpayer with respect to an approved
2021 investment, the commissioner may retain such persons as said
2022 commissioner may deem appropriate to conduct a study to estimate
2023 the state revenue that is being and will be generated by such
2024 investment. Such economic impact study shall determine whether the
2025 state revenue actually generated by such investment is equal to the
2026 estimate of state revenue made at the time such investment was
2027 approved. If the sum of all state revenue actually generated by such
2028 investment is less than the amount of the total sum of tax credits
2029 claimed on the date of such analysis, the commissioner may determine
2030 from the person retained pursuant to this subsection the applicable
2031 recapture amount and may revoke the certificate of eligibility issued
2032 under subsection (h) of this section. The commissioner may require the
2033 taxpayer or the fund manager that made such approved investment to

2034 reimburse the commissioner for all or any part of the cost of any
2035 economic impact study performed under this subsection.

2036 (s) (1) Any taxpayer which has claimed credits allowed by this
2037 section related to an investment concerning which the commissioner
2038 has revoked the certificate of eligibility issued under subsection (h) of
2039 this section, shall be required to recapture such taxpayer's pro rata
2040 share of the recapture amount as determined under the provisions of
2041 subdivision (2) of this subsection and no subsequent credit shall be
2042 allowed unless such certificate of eligibility is reinstated under the
2043 provisions of subdivision (3) of this subsection.

2044 (2) If the taxpayer is required under the provisions of subdivision
2045 (1) of this subsection to recapture its pro rata share of the recapture
2046 amount during (A) the first year such credit was claimed, then ninety
2047 per cent of such share shall be recaptured on the tax return required to
2048 be filed for such year, (B) the second of such years, then sixty-five per
2049 cent of such share shall be recaptured on the tax return required to be
2050 filed for such year, (C) the third of such years, then fifty per cent of
2051 such share shall be recaptured on the tax return required to be filed for
2052 such year, (D) the fourth of such years, then thirty per cent of such
2053 share shall be recaptured on the tax return required to be filed for such
2054 year, (E) the fifth of such years, then twenty per cent of such share
2055 shall be recaptured on the tax return required to be filed for such year,
2056 and (F) the sixth or subsequent of such years, then ten per cent of such
2057 share shall be recaptured on the tax return required to be filed for such
2058 year. The Commissioner of Revenue Services may recapture such share
2059 from the taxpayer who has claimed such credits. If the commissioner is
2060 unable to recapture all or part of such share from such taxpayer, the
2061 commissioner may seek to recapture such share from any taxpayer
2062 who has assigned credits in an amount at least equal to such share to
2063 another taxpayer. If the commissioner is unable to recapture all or part
2064 of such share from any such taxpayer, the commissioner may
2065 recapture such share from any fund through which the investment was
2066 made.

2067 (3) If the commissioner has revoked the certificate of eligibility
2068 issued under subsection (h) of this section, such certificate of eligibility
2069 shall be reinstated by the commissioner if, upon a request made by the
2070 taxpayer or fund manager who made such approved investment, an
2071 economic impact study conducted pursuant to subsection (r) of this
2072 section shall determine that the sum of all state revenue actually
2073 generated by such investment is greater than the amount of the total
2074 sum of tax credits claimed on the date of such analysis, provided no
2075 such request shall be made pursuant to this subsection during the
2076 calendar year in which such certificate was revoked. For the purpose of
2077 determining whether such certificate shall be reinstated, the
2078 commissioner shall, upon receipt of a request made under this
2079 subsection, obtain one such economic impact study per calendar year
2080 and may obtain additional such economic impact studies as the
2081 commissioner deems appropriate.

2082 Sec. 39. (NEW) (a) If the real property of an "eligible industrial site
2083 investment project" or an "eligible urban reinvestment project", each as
2084 defined in section 38 of this act, which has received written approval
2085 from the Commissioner of Economic and Community Development
2086 for a credit under section 38 of this act, does not otherwise qualify for
2087 abatement or exemption of property taxes under any other provision
2088 of the general statutes, the municipality in which such project is
2089 located may, for a period of five assessment years following the
2090 certification of the project under section 38 of this act, abate fifty per
2091 cent of the portion of the property tax due that is attributable to the
2092 increased value of such property as a result of the approved
2093 remediation, construction or other development under section 38 of
2094 this act. The abatement shall cease upon the sale or transfer of the
2095 property for any other purpose unless the municipality consents to its
2096 continuation. The municipality may also establish a recapture
2097 provision in the event of sale, provided such recapture shall not exceed
2098 the original amount of taxes abated.

2099 (b) A municipality shall notify the Commissioner of Economic and
2100 Community Development and the Secretary of the Office of Policy and

2101 Management not later than thirty days after granting any abatement of
2102 taxes under subsection (a) of this section. Such notice shall provide the
2103 owner or purchaser's name, as the case may be, and the address of the
2104 property.

2105 Sec. 40. Subsection (c) of section 26 of public act 99-2 of the June
2106 special session is repealed and the following is substituted in lieu
2107 thereof:

2108 (c) For the fiscal [years] year ending [June 30, 2000, and] June 30,
2109 2001, [annual] disbursements from the Tobacco Settlement Fund shall
2110 be made as follows: (1) First to the General Fund in the amount
2111 identified as "Transfer from Tobacco Settlement Fund" in the General
2112 Fund revenue schedule adopted by the General Assembly; [and] (2)
2113 second to the Department of Mental Health and Addition Services for
2114 a grant to the Regional Action Councils in the amount of five hundred
2115 thousand dollars; and (3) third to the Tobacco and Health Trust Fund
2116 in an amount equal to [twenty] nineteen million five hundred
2117 thousand dollars.

2118 Sec. 41. (a) The Commissioner of Revenue Services shall waive the
2119 interest payable under section 12-722 of the general statutes or
2120 subsection (a) of section 12-735 of the general statutes, or any penalty
2121 payable under subsection (a) of said section 12-735 by any individual
2122 described in subsection (b) or (c) of this section to the extent described
2123 in said subsection (b) or (c).

2124 (b) If any individual (1) has filed an income tax return under
2125 subsection (a) of section 12-719 of the general statutes for such
2126 individual's taxable year commencing on or after January 1, 1999, and
2127 prior to January 1, 2000, and claimed a credit under section 12-704 of
2128 the general statutes on such income tax return on account of the New
2129 York City nonresident earnings tax imposed on and paid by such
2130 individual, or establishes to the satisfaction of the commissioner that
2131 the individual took such nonresident gross earnings tax into account in
2132 making, or failing to make, estimated tax payments under said section

2133 12-722 for said taxable year, (2) as a result of the April 4, 2000, decision
2134 of the New York Court of Appeals, in the case entitled City of New
2135 York v. State of New York, holding such nonresident earnings tax to be
2136 unconstitutional, has been refunded such nonresident earnings tax,
2137 and (3) files an amended income tax return for such taxable year
2138 pursuant to said section 12-704, to report that such nonresident gross
2139 earnings tax has been refunded to such individual, and the amount of
2140 income tax under chapter 229 of the general statutes that is shown on
2141 such amended return for such taxable year, after taking into account
2142 the reduction in the credit allowable under said section 12-704, exceeds
2143 the income tax under said chapter 229 that has been paid by such
2144 individual for such taxable year, then any interest or penalty payable
2145 by such individual that is solely attributable to such nonresident gross
2146 earnings tax being held to be unconstitutional shall be waived by the
2147 commissioner.

2148 (c) If any individual (1) has been granted an extension of time to file
2149 an income tax return pursuant to section 12-723 of the general statutes
2150 for such individual's taxable year commencing on or after January 1,
2151 1999, and prior to January 1, 2000, and establishes to the satisfaction of
2152 the commissioner that the individual took the New York City
2153 nonresident earnings tax into account in making a payment of income
2154 tax pursuant to said section 12-723 for such taxable year on or before
2155 the original due date of such return, or in making, or failing to make,
2156 estimated tax payments under said section 12-722 for such taxable
2157 year, (2) as a result of the April 4, 2000, decision of the New York Court
2158 of Appeals, in the case entitled City of New York v. State of New York,
2159 holding such nonresident earnings tax to be unconstitutional, has been
2160 refunded such nonresident earnings tax, and (3) files an income tax
2161 return under said subsection (a) of section 12-719 for such taxable year,
2162 and the amount of income tax that is shown on such return for such
2163 taxable year exceeds the amount of income tax that was paid for such
2164 taxable year by such individual on or before the original due date of
2165 such return, then any interest or penalty payable by such individual
2166 that is solely attributable to such nonresident gross earnings tax being

2167 held to be unconstitutional shall be waived by the commissioner.

2168 Sec. 42. This act shall take effect from its passage, except that
2169 sections 2, 3, 6, 10 to 18, inclusive, 21, 22 and 33 to 40, inclusive, shall
2170 take effect July 1, 2000, and sections 2, 3, 6, 10, 12, 15, 21, 22, 35 and 36
2171 shall be applicable to sales occurring on and after July 1, 2000, and
2172 section 16 shall be applicable to charges occurring on and after July 1,
2173 2000, and sections 19, 20, 23 and 24 shall be applicable to income years
2174 commencing on and after January 1, 2000, and sections 1, 4 and 5 shall
2175 take effect July 1, 2001, and shall be applicable to sales occurring on
2176 and after July 1, 2001, and section 32 shall be applicable to attorneys
2177 practicing in this state on and after January 1, 2000, and section 41 shall
2178 be applicable to taxable years commencing on and after January 1,
2179 1999."